DOCUMENTS DEPARTMENT

5/S

SAN FRANCISCO
PUBLIC LIBRARY

REFERENCE BOOK

Not to be taken from the Library

AUG 1 8 1983

SAN FRANCISCO PORT COMMISSION

Minutes

SPECIAL MEETING

March 3, 1978

Board Room

Ferry Building

MAR 24 1978

DOCUMENTS DEPT.
S.F. PUBLIC LIBRARY

Reported by:

SARAH W. HUNTER

SINCE 1931
HOTCHNER REPORTING SERVICE
DEPOSITION NOTARIES
HEARST BUILDING
THIRD AND MARKET
SAN FRANCISCO, CALIFORNIA 94103
PHONE 434-1055

DOCUMENTS DEPT.
SAN FRANCISCO
PUBLIC LIBRARY
+ 387.1
Sa593r
March 1978

DOCUMENTS

COMMISSIONERS PRESENT:

James J. Rudden, President

Richard N. Goldman

Jack Morrison

Alan E. Rothenberg

COMMISSIONERS ABSENT:

Harry Bridges

ALSO PRESENT:

David P. Burness, Architect

Edward L. David, Acting Port Director

Albino Giusto, Senior Architect

Julius E. Herren, Bureau Chief, Administration and Finance

James E. Huntsman, Administrative Service Officer

William Lynch, Deputy City Attorney

Wilbur F. Peleaux, Assistant Chief Engineer

Anthony J. Taormina, Deputy Port Director

P R O C E E D I N G S

PRESIDENT RUDDEN: May we come to order, please?

MR. DAVID: Mr. President, we would like to request we withdraw consideration of the Central Basin Marina proposal today.

What has happened is this. Mr. Thiemann is not available this morning, and we feel he is crucial to this presentation.

Furthermore, two of the five groups that submitted proposals indicated that their key people could not be here today, and asked that this matter be put over to your second meeting in March, which would be March 22.

Our only purpose in having it on the agenda for today was, the proposals will take a considerable amount of time, and we felt perhaps it should not be at a regular meeting because of the time involved.

PRESIDENT RUDDEN: I don't have any objection to that. I wondered how the other commissioners felt about it.

COMMISSIONER MORRISON: May I ask, have all five shown an interest in appearing here?

MR. DAVID: Yes, they have.

It was our intent, if we had made the presentation this morning, Mr. Morrison, that, of the five proposals, the staff considers two far superior to the other three, and we were going to ask the Commission to give a full presentation to them, those two, and of the other three, it is the decision of the Chair of whether they want their full

presentations or not.

COMMISSIONER MORRISON: There is nothing you can do between now and the second meeting in March to amplify your position on this. This is just a delay for their convenience. Is that right?

MR. DAVID: It is a delay for their convenience, and ours, also. In fact, I feel it is crucial that Mr. Thiemann be here, because he actually has handled all the discussions with the five groups, and has done all the staff work with Gimmy & Hamilton.

COMMISSIONER MORRISON: It seems to me, Mr. David, we ought to move the thing as fast as we can. That seems like a long delay to me.

MR. DAVID: I could ask Mr. Lynch, we have the agenda out for next Wednesday. Is it a technical thing? There is no reason that the staff couldn't present it at your next regular meeting.

MR. LYNCH: There is no agenda requirement for a regular meeting, so even if an item is not on the agenda, it can be heard.

COMMISSIONER ROTHENBERG: How long is the agenda for the next meeting, Mr. Huntsman?

MR. HUNTSMAN: Fifteen items. It is fairly lengthy.

COMMISSIONER ROTHENBERG: How long do you think it is going to take, an hour?

MR. DAVID: I would think it would take at least an hour.

PRESIDENT RUDDEN: It would seem to me, if we want

to move this thing along, we could have another special meeting.

COMMISSIONER GOLDMAN: Mr. Chairman, may I ask, since we are on the subject at the moment, maybe Mr. David could enlighten us as to how the subject got started. How did we happen to get into the Central Basin issue? I don't recall that the matter was presented to the Commission prior to the taking of the bids. Am I wrong or am I right? I don't know.

I know we had some discussion subsequent to the presentation.

MR. DAVID: The Commission in the fall, the staff requested permission to offer this area for development, and then the staff went forward with requesting proposals, and those proposals I believe were received the end of January, and then we had Commissioner approval to engage Mr. Gimmy to analyze the proposals.

COMMISSIONER GOLDMAN: The reason I am asking the question, in going through Mr. Gimmy's report, I think there is some reference to the fact that the Port would have to buy up a leasehold interest if it were proceeding with one of these plans. Is that a major interest?

MR. DAVID: No.

COMMISSIONER GOLDMAN: Well, I have no trouble, Mr. Chairman, with having it at a regular meeting unless you want to have a special meeting, but I don't think we could cover it very well at our next meeting.

PRESIDENT RUDDEN: Neither do I. It is going to take an hour, and we have a big agenda.

Okay. If there isn't any objection, we will defer

that in accordance with your recommendation.

MR. DAVID: And have it at your regular meeting of March 22.

PRESIDENT RUDDEN: I would further like to state that I had a call from Mr. Bridges this morning regarding our next item, which is the Ferry Building and the criteria for its development.

Mr. Bridges said it was unfortunate he could not be here today, and he wanted me to inform you that he fully supports moving forward as soon as possible in offering this building for development.

On that issue, the staff would like, if it suits, Mr. Chairman, that this morning's meeting take more the form of a workshop, in which we would like to present to you criteria which we believe are very important in offering this building for development.

We have provided you with what we consider a talking paper, which you can follow in going through our presentation.

I will ask that Mr. Taormina start with the historical significance of the building.

MR. TAORMINA: We tried to give you some background on what we consider one of the first issues with respect to the Ferry Building development, and that is the historical significance of the building.

We have been informed that actually today or this morning, to our knowledge, the Office of Historic Preservation of the State is hearing the nomination of the Ferry Building/ World Trade Center, which they call the Union Depot Ferry

Building, which was the original nomenclature of the building, to the National Register of Historic Places. This application itself is being processed by the State Office of Historic Preservation.

Previously and concurrently the San Francisco Landmarks Board has declared the building eligible for nomination, and has designated it a city landmark.

Now, one of the things that we feel is helpful to this Commission is to give you some information into what the meaning of National Register status means for the Port and for a future developer, and to that extent we have asked Mr. Charles Page, who is involved in this type of project, to appear here today and to give you a background into what this National Register is all about, and answer any of your questions, so at this time I would like to turn it over to Mr. Charles Page.

COMMISSIONER ROTHENBERG: Mr. Taormina, I would just like to clarify something. We asked the State Office of Historic Preservation to put this off for two months, since the Commission had never been asked about this matter, and they agreed to do so, so the matter has been tabled up there for two months.

COMMISSIONER GOLDMAN: May I ask, this is a staff question or for Mr. Page, how does something like this occur? Is this an application, or is this something that is picked up by this body in Sacramento? What is the procedure on it?

MR. TAORMINA: I can comment on how this occurred at the Port. Two issues brought it to their attention.

Indirectly, when the Warren Simmons project was

moving forward, and it had also to go through the Office of Historic Preservation as far as the requirement of the Environmental Impact Report, and the Corps of Engineers was involved in that project, the State Historic Preservation Office wrote a letter which indicated that prior to obtaining any federal funding, an historical evaluation of most of its property would be required.

When we began the EDA promenade project, it was quite evident that would be the case, and we had to engage the services of Mr. Page to do an historical survey.

While the staff of the State Historic Preservation Office was down here and, you might say, looking over our property, it was obvious that the historic significance of the Ferry Building and the Agriculture Building, by the way, both stood out in their minds.

We previously have looked at the feasibility of getting federal funds for the assistance of this building, particularly as it applies to parapets, and it was always related to us that we would have to look to the eligibility of this building. Everybody concurred immediately that the building would be eligible.

In order to prepare a case study for the National Register, it involves a fairly significant amount of manhours, man time, and would, in the case of the Port, have required us to go out and get an outside consultant to do that preparation. We did not feel at that time we had the capability to fund such a case study. Our priorities were in the EDA project.

It was at that time that the State Office of Historic Preservation said that their staff would do this for the City and County and the Port, and indeed it was their staff that went ahead and began doing the historic preservation, but at all times our staff was aware that this process was occurring at the state level, and it was recently concurred upon by the City Landmarks and the Board of Supervisors as well.

COMMISSIONER ROTHENBERG: Who signed the application?

MR. TAORMINA: There was no application.

COMMISSIONER ROTHENBERG: Well, somebody has to sign the papers that move it forward through the City and the State.

MR. TAORMINA: If there is anything which came from San Francisco it would come from the Landmarks Board.

COMMISSIONER ROTHENBERG: Well, who signed the case study?

MR. TAORMINA: The case study was prepared solely by the staff of the SHPO.

COMMISSIONER ROTHENBERG: But the property owner has to either concur or object.

MR. TAORMINA: To my knowledge, we have not been presented with such a request.

COMMISSIONER GOLDMAN: Mr. Chairman, one other question.

In getting into the subject, are we considering this building alone, or are we considering the Agriculture Building?

MR. TAORMINA: The Agriculture Building is also on today's agenda. That was also put over two months, or

according to Mr. Rothenberg it was, but the Agriculture Building is being designated for state status and not National Register.

COMMISSIONER GOLDMAN: I might ask you a question regarding another area of concern, and that is, in this study for the development of the building, are we considering it as an adjunct to the project or separately?

MR. DAVID: No, just the Ferry Building.

MR. TAORMINA: With that background, I would like to have Mr. Page.

MR. CHARLES PAGE: Mr. President, members of the Commission, we thought maybe this morning it would be helpful to discuss, if you will, some of the opportunities and constraints that are inherent in the landmark process of the National Register.

The National Register itself is a listing of historic cultural, architectural, archaeological resources of merit, significant merit, on a national scale maintained by the Department of the Interior. That is done through an office within the National Park Service of the Department of Interior.

As such, listing on the register is something of an honor, if one wishes to consider it that way. It is a recognition of something of recognized value to the nation, and I think none of us here today would dispute the fact that the Ferry Building, of all buildings in San Francisco, probably has more associations for more people than most of our structures.

There are a number of other processes, by virtue

of subsequent legislation, which are triggered by listing on the National Register. Some of these are positive, and some of them are not necessarily negative but are more in the regulatory area.

Perhaps first would come funding. There are opportunities for funding through the grants-in-aid program, Department of the Interior, to get money out of federal pipelines, specifically for improvements, restoration, rehabilitation, renovation, whatever you want to call it, to a building that is recognized as eligible or listed on -- they are both about the same thing -- the National Register.

For instance, I read in the New York Times this week that, of the money that went into New York State, they are spending $200,000 on the New York Public Library, federal money coming in for this purpose. That may or may not be the case in California, because there is tremendous competition up there in Sacramento for properties, but nevertheless there is a chance that it could happen.

COMMISSIONER GOLDMAN: Excuse me, Mr. Chairman.

Is that money that comes from the Federal or the State Government?

MR. PAGE: Federal. It comes through the State. It turns up in Sacramento, and they in turn apportion it within the State.

Money for fiscal '79 I think had to be applied for by February 1, '78, so you would be off cycle, but nevertheless the opportunity is there at some point, and there are uncommitted funds occasionally available.

In other areas there are other funds available. Ohio, for instance, has a program where you can get five percent money for anything that is on the Register, but we don't have that.

However, if you look at the fine print in some of the other federal funding mechanisms, there is specific language which speaks to historic resources recognized on the National Register of Historic Places, and some of the federal programs now coming out seem to be emphasizing potential for retaining and restoring things that appear on the Register.

In all those areas, I think that the Register listing is a very positive aspect.

Were this a private property, there is legislation currently under way to provide contracts with owners for some tax relief for things that are recognized as historic properties. I don't think that is applicable in this case, but it is there.

There is, in the State and in the Uniform Building Code some language which provides greater latitude with respect to rehabilitation of properties which are listed on the National Register of Historic Places. Most of the building codes, as you probably know, are designed for new construction, and they have never spoken adequately to the problem of what to do with older buildings, particularly of the kind that the Ferry Building is, and that has been recognized in recent years, so there is a positive aspect there.

Furthermore, there is legislation pending in Congress now to amend the Tax Reform Act of 1976. The Tax Reform Act of '76 did a number of things, but one of the things it did

was extend some very attractive enticements to developers to recycle old buildings, as opposed to tearing them down and building new ones. In essence, it provides accelerated depreciation and other write-offs that are quite attractive to a developer.

That legislation as passed, the '76 act, and the IRS regs which have come out subsequent thereto, speak to an owner of the building benefiting. They do not speak to the leasehold interest. However, the legislation which is now pending in the Congress would amend that to allow a long-term lessee the same benefit that the owner would typically get today, and as I understand, it is a 30-year term or greater in order to qualify for that benefit.

Then there are the intangible sort of benefits. Obviously, the Commission expressed some interest, and I think you recognize what we consider a fairly valuable intangible in terms of public relations and the image of the Port and what is happening with respect to the Port's activities.

That same sort of intangible extends over, of course, to a developer, because if you look at most of the development that is going on, other than just a straight office development these days, they are looking for a theme. They are looking for some sort of image, and they are trying to create them out of nothing. Well, here you have got a tremendous one going in, so in terms of marketing this building I think there is a considerable plus in the recognition and the honor of the Register.

Now, with respect to the regulatory side, the

language of the law, the federal law, deals specifically with Register buildings, that is, buildings which are on the National Register, which may be affected by federal funding or federal licenses. There is nothing in the law that says a private property owner cannot tear down a building that is on the National Register.

However, if he has to have a federal license for any part of his operation, or if he has to depend on federal funding, then he has to go and comply with a review process with the Advisory Council on Historic Preservation.

That does not necessarily mean he can't change things. It just means if he is going to make some substantial changes, such as demolition in favor of a parking lot, or removal of all the exterior trim and covering the building with a new layer of stucco, then that has to be at least reviewed by the Advisory Council, and the Council may or may not suggest, depending upon the circumstances, that they think up other ways of trying to keep the building, or they devote a documentation before it comes down, or they make measured drawings, or they might relocate it physically, or whatever.

That review is aimed for substantial change. It does not relate to interior changes, space planning inside. It does not relate to minor exterior things. The intent of all this law, and there are several pieces of it, is that buildings of obvious community significance, and in this case national significance, be dealt with in a sensitive manner. It does not say that it has to be maintained exactly the way it is. There are cases at hand which are probably pertinent to this

question with respect to the Ferry Building. For instance, the old Post Office Building in Washington, D.C. on Pennsylvania Avenue is going to be rehabilitated shortly as a home for the National Gallery for the Arts and others, and they are going to have to make some substantial changes in the way that thing works.

The Baltimore City Hall had an extra floor added in. The Boston City Hall had some major changes when that building went into office use, when it was no longer feasible for a city hall.

The Quincy Market project at Faneuil Hall in Boston had some changes.

Those are all, obviously, registered buildings, and the projects have gone ahead without any problems whatsoever. But there is that process by which, if federal funding and federal licensing is involved, then some demonstrated sensitivity and approval from the regional office of the Advisory Council has to be forthcoming.

On balance -- and I would be happy to respond to any questions -- it seems to me that one should not be unduly worried about the impact of a listing on the National Register unless one has motives in mind which I do not think you share, and that would be to demolish the Ferry Building in favor of something else.

COMMISSIONER ROTHENBERG: Charles, I was going to ask you one thing. One undeveloped resource in terms of what is currently in the building shell is the attic, or the fourth floor, which is roughly 100,000 square feet, with fairly high

head room, which has never been used. How would something like a landmark designation affect the ability to use some of those spaces, recognizing that we have to do some kind of fenestration along the roof line to just get some light into those long spaces?

MR. PAGE: I don't think it would have a negative impact. My sense is that one should study the alternative ways of accomplishing that, and run that past the people who will be doing the review, if indeed that came to pass.

It can be done in a way that would not be visible, I think, from the end of Market Street, and I think that is the primary facade that everybody is most interested in with respect to this building.

From the Bay side and from the north and south ends of the building, there have been so many changes through the years that they are really not worried about that. But I am sure that can be done, and I am sure it can be done in a sensitive way.

The only thing is to make sure that it doesn't happen in some way that extrudes some appendage to the building that would be completely inappropriate.

COMMISSIONER ROTHENBERG: Perhaps the Commission would benefit from a brief explanation of the difference between city landmark status and National Register listing in terms of what options or preclusions come about in terms of future uses of the building, especially from a design point of view.

MR. PAGE: If I get the drift of your question correctly, the city process, and this is a City Landmark, I

gather, at the present time, is largely a delay provision for buildings that are designated landmarks, in the case of demolition. That is, the owner must go in and seek a permit for demolition, and that triggers a review by the City Landmarks Board, and they can, if they get the Planning Commission to support their recommendation, seek a six-month delay, and then I believe another six months by virtue of action of the Board of Supervisors.

The intent of all that is to find some alternative to demolition during the interim period.

There is also provision, if there is substantial modification to the exterior of the building, it can also trigger the same sort of process, but it has to be very substantial in most cases.

The city landmark status does not convey any of the benefits that we talked about under the National Register listing, other than the building code situation, the local building codes, and local designation can trigger that advantage. But it doesn't trigger the same availability of funding or federal programs that are available.

COMMISSIONER GOLDMAN: Question. I gather that for this particular structure the one fiscal advantage we gain is availability of some funds, which I would presume are to enhance the landmark preservation aspect of the building. Would that be so?

MR. PAGE: That might be a little too narrow. I think they would be funds that would do, perhaps, several things at one time, one of which would be the enhancement or

protection aspect.

COMMISSIONER GOLDMAN: Well, let me ask a question which may be unanswerable. What would you consider would be the maximum of federal funding support this building could justify?

MR. PAGE: Well, that would depend on the program under which you were submitting. If you were talking about the National Park Service grants-in-aid funding, which is a pretty small program by comparison with all the other things that are existing back there in Washington, I would think probably $100,000 or thereabouts, but that for them is a pretty large chunk, because they have to spread it so far within a fairly large state.

However, there are other sources besides that, obviously. If you sought through HUD or through EDA, the Department of Commerce, some of the other things that are coming down, the urban development national grants and that sort of thing that are just announced, whereas they are not specifically oriented towards historic buildings, they do have provisions which state that things that are on the Register are given careful consideration, and perhaps even preferential consideration.

Everybody I have talked to in Washington is always very excited to hear that San Francisco is thinking about doing something with the Ferry Building, and they seem to get in line and say, can we help you some way. The last time I was in the National Endowment for the Arts, Architecture and Environmental Section, they said they would be happy to

consider a small grant.

COMMISSIONER GOLDMAN: And I have one other question, and that is, since we are here to discuss the rehabilitation and upgrading of use of this facility, do you think it is more appropriate to make this application now, or after we have completed the development, which I would envision would involve many more dollars than we are going to ultimately get from whatever sources of federal monies are available to us.

MR. PAGE: Well, that might take some further discussion and thought, but I don't see a problem with it now. I don't see a substantial problem.

I think Alan's point in regard to utilization of the attic space is certainly a good one, and something that we could clarify.

It seems to me that there are certain things that you want to do with the building and could do with the building. There are certain things you cannot, and we could make a list of them. Then one can start to prepare some guidelines, if you will, of what those possibilities and chahgagearere

I don't see that that kind of change is going to have any problem with respect to the provisions of the legislation of the Register. On the other hand, the Register nomination could potentially provide some benefit.

Now, you have to spell it out a little more clearly to make a positive reading on that. In other words, I think a little more study of what would be required to utilize that extra 100,000 square feet up in the loft area, and what changes might be thought about for the other facades of the

building if you were to do something with the south arcade, if you were to change something with respect to the rear of the building for access to the Golden Gate ferry. Those are things that can all be done, but I suspect that they should be done in concert with a local plan for the exterior of the building.

PRESIDENT RUDDEN: What would you think the maximum would be that we would be getting from all the other sources, or probable sources?

MR. PAGE: Oh, potentially, a couple of hundred thousand dollars. I don't think it is going to be that much that it is going to make a difference to the Commission, or to the Port's operation. I think it might be helpful for certain aspects of things you might want to be doing.

The major impact in that area would be the passage of the amendment to the tax act, which would allow a long-term lessee of this building a series of very nice tax treatments, which would make it a much more attractive package to him, and the reading out of Washington currently, when I checked yesterday, was that they thought there was a fair chance that it might be enacted, but who knows.

COMMISSIONER GOLDMAN: Apropos of that, Mr. Chairman, my question is, and I think you might have answered it already, this is publicly-owned property, so obviously we don't get any tax advantage, but if a private developer is authorized to proceed with the work that has to be done, will that qualify him, even though the ownership of the structure is public, or has that been dealt with?

MR. PAGE: I don't know the answer to that.

COMMISSIONER ROTHENBERG: A long-term tenancy, under the tax law, if it is of sufficient length, is considered equal to beneficial ownership when you are trying to consider some of this, but it gets to be very delicate, depending upon the use of the building.

One advantage currently under the tax code, one of the most significant tax shelter things that is left is what is called 167(k), which is the accelerated depreciation for rehabilitation, and to the best of my knowledge it has mainly been given to residential structures, but if the building qualifies, and there is a certain ratio between the dollars you invest in rehabilitating the structure and your cost, you get accelerated depreciation, which means you get to write off all your investment in the rehabilitation over five years, which, for a developer, can be a very, very significant return.

Now, we are dealing with this building. I am not quite sure how that applies to commercial uses, but I think in terms of what we probably carry the shell of this building for on our books relative to the fairly substantial amount that any development proposal will have to include to redo the building, it may end up that a developer gets a significant benefit out of the tax shelter, if the lease is a proper length, which would mean that we as a Port could be getting a larger share of the revenue, because the developer is benefiting from these tax advantages which are of no use to us.

I might say, Mr. Chairman, I took the liberty yesterday, when I realized this was on the state calendar for today,

to ask them to postpone it for two months, not because I necessarily objected to landmark status. I think the building certainly deserves it. But I did feel that staff had, (a) asked about it, and I thought we should be informed and, two, I wanted to make sure that we gave someone like Charles the opportunity to walk through a few of these obvious alternatives, and give us an insight as to how that could help us or hinder us, because I wanted to make sure that, in planning to properly restore the building, we didn't do something which on the face of it seemed very innocent and well intended, but had some major implications.

I am sure that either prior to or after we restore the building the landmark status is something the building deserves and should have, but I was just a little concerned about having both events occurring on the same day.

PRESIDENT RUDDEN: I think that was wise. This isn't something that has to be done today.

COMMISSIONER ROTHENBERG: The building has been around a long time. I figured it would be here another two weeks.

COMMISSIONER GOLDMAN: Is it possible to find out, Alan, if this particular application, tax benefit, has been made available to similar kinds of structures in other parts of the country?

COMMISSIONER ROTHENBERG: Well, that is not a function of whether it is a landmark or not.

COMMISSIONER GOLDMAN: I am not talking about the landmark.

COMMISSIONER ROTHENBERG: The tax treatment in general?

COMMISSIONER GOLDMAN: The tax treatment.

COMMISSIONER ROTHENBERG: I think we would have to ask, maybe, Mr. Lynch. The City probably doesn't have tax counsel, because the City runs such a negative operation. I think we would have to ask tax counsel. I could certainly inquire before our next meeting and find out.

The law is very specific. This law was originally written to benefit low- and moderate-income housing in terms of restoring urban structures. I think it was subsequently broadened, but the law keeps changing, and I am not a lawyer.

COMMISSIONER GOLDMAN: I think it would be very helpful to us, and particularly to a developer or our associate in this, to find out if other structures of similar nature have been given this favorable tax treatment somewhere else around the country, so we would have some evidence or support that it exists.

COMMISSIOENR ROTHENBERG: I guess Faneuil Hall, Charles, would be the best example, because they have a 99-year lease, which is certainly longer. But we can inquire.

MR. PAGE: Yes.

PRESIDENT RUDDEN: Thank you very much.

MR. TAORMINA: Mr. President, members of the Commission, in finishing up the section on historic significance, the staff has prepared a policy statement No. 1, which we would recommend that this Commission adopt or change. It is suggested language. In light of the fact that nominations

may be delayed, we would recommend at the end of the meeting we would go back and consider this policy statement for adoption at today's meeting. The statement reads:

"Recognizing nomination of the Ferry Building as a national and city landmark, any developer selected must work within the guidelines established by the Office of Archeology and Historic Preservation, Department of Interior for restoring this unique building, and be it further established that the Ferry Building/World Trade Center be developed as a single unit."

COMMISSIONER GOLDMAN: Mr. Chairman, there are two questions in that one policy statement, and maybe we should separate them, because to further establish that the building be developed as a single unit is one issue, and the other is adopting the nomination, and I think maybe when we get to that point we should treat them separately.

MR. TAORMINA: That's right. We only tried to give you suggested language in order to give you something to start with.

MR. DAVID: Mr. Al Giusto, our new Senior Architect, will describe the current usage.

MR. GIUSTO: Mr. Chairman and fellow commissioners, we have prepared here plans of the existing uses of this building. On the first floor we have outlined areas in yellow and areas in green. The areas in yellow are the leased offices in this building. The areas outlined in green are the licenses, which are for one month at a time.

If you will notice, you all have a sheet like this,

and on this we have tried to put down the area of the various floors, with the percentages of the circulation area and the utility area of the floor, the lease areas and the percentage, and the license areas and the existing rental areas.

Now, there is a difference between the gross area and the existing lease and license areas with the existing area of the building, and that is because some of these areas are used by staff now, and for other reasons.

Now, if you will notice, the utility area runs about four percent of the floor area, and the circulation area runs about 15 to 20 percent. Generally the circulation area in a building would run from about 15 to 30 or 35 percent, depending on the use of the building and what you want the building to do. A very high-class building has more area that is used for circulation.

On the first floor area, as you will note, we have 86,000 gross feet, and the existing rental is 71,000. Of that, the lease area is 12,800, approximately, and the license area is 52,000.

COMMISSIONER GOLDMAN: Mr. Giusto, can you explain these categories a little more effectively? Circulation area, I presume that is all of the hallways. That doesn't necessarily mean that in the redevelopment some of them couldn't be eliminated.

MR. GIUSTO: Well, you can eliminate some of the circulation areas that we have here. For example, on this floor we have two corridors, and maybe one of these corridors may be eliminated. But in order to get a building that is

high rental like, say, the Embarcadero Center, if you walk around the Embarcadero Center, the first few floors have a lot of public space. This is not rentable. This is what I mean. However, it is very desirable, and this will add to the prestige of the building, and you may ask for higher rent because of this added circulation and open space.

The City Hall has a big central space that gives prestige.

COMMISSIONER GOLDMAN: I don't want to prolong this, but just taking this floor as a good example, since you brought it up, if you ultimately had one tenant on a floor, you also would eliminate a lot of circulation space.

MR. GIUSTO: Yes, and then, in a building that has a lot of people milling around, you need ample space for them to move.

COMMISSIONER GOLDMAN: What is the lease area as distinguished from the existing rental?

MR. GIUSTO: Well, the lease area is long-term leases.

COMMISSIONER GOLDMAN: Over what period, would you say?

COMMISSIONER ROTHENBERG: Anything over 30 days.

COMMISSIONER GOLDMAN: Anything over 30 days is known as lease, and anything under 30 days is existing rental?

MR. DAVID: That is license.

COMMISSIONER ROTHENBERG: An existing rental is a combination of lease and license.

COMMISSIONER GOLDMAN: Oh, I see. It is the total.

MR. GIUSTO: The second floor, the lease and the license is indicated here in yellow and green, and on the third floor we have large arease that are lease area in comparison to the license areas.

I would like to make a comment on the attic space that was brought up before. Actually, only half the building has usable attic space, and that is the northern half. That is this part in here.

Right now the attic space is used for heating and ventilating equipment, and it is all open. The structure is exposed. But it can be used, depending on how the building is reconstructed, the spaces and such.

MR. DAVID: Excuse me. How many square feet are there in the attic?

MR. GIUSTO: Roughly about 300 feet from north to south, and maybe 60 feet wide.

COMMISSIONER GOLDMAN: Eighteen thousand square feet?

COMMISSIONER ROTHENBERG: In terms of usable space with reasonable head room?

MR. GIUSTO: Yes.

COMMISSIONER ROTHENBERG: And the floor boards, what are we talking about? There are joists up there?

MR. GIUSTO: No, only the structure. The floor would have to be constructed.

COMMISSIONER ROTHENBERG: I understand, but what is there in terms of the floor surface on which the HVAC equipment --

MR. GIUSTO: It is a concrete floor.

COMMISSIONER ROTHENBERG: If it is a concrete floor, it must be able to take quite a bit of load if it can hold the concrete.

MR. GIUSTO: Well, I haven't gone into that. I would assume so.

COMMISSIONER ROTHENBERG: My only question, Ed, I don't know if the Engineering Department has ever been up there. If we decided to relocate the heating and ventilating equipment to an exterior location, say, outside the building, or down in one corner, has the Engineering Department ever looked at whether we would have problems with normal kinds of office loads?

MR. DAVID: No, that we have not done, but I think we should immediately.

COMMISSIONER ROTHENBERG: Could we do that with our staff?

MR. DAVID: Yes.

MR. GIUSTO: I would like to point out here that, as far as usable space, I was there just momentarily, and I went through one end to the other, and I think there might be places where the vents are, the structures, that head room would be rather low, but in between these vents there would be ample head room.

COMMISSIONER GOLDMAN: One other question. I think you said earlier that the space occupied by staff is not included in these numbers? Is that what I understand?

MR. GIUSTO: The space occupied by staff is now outlined in yellow here, that is, part of it, because some of

the tenants have an option on it, and therefore, what I wanted to point out is that, if you add the percentages in these columns, they don't come out exactly because of this variation.

Our staff now is officed in this area, billeted in this area and in this area up in here, but this area is spoken for. The space is obligated to a corporation now, and this area would be open.

COMMISSIONER GOLDMAN: This is the first I have heard of this. I would like to amplify that. You mean one of our existing tenants has an option on space occupied by staff if the staff were to vacate it?

COMMISSIONER ROTHENBERG: Or is it at their option?

MR. DAVID: Limbach & Limbach.

COMMISSIONER ROTHENBERG: But is it at their option or ours?

COMMISSIONER GOLDMAN: Who has control of it?

MR. DAVID: They do.

COMMISSIONER ROTHENBERG: So we are essentially just subletting from them.

COMMISSIONER GOLDMAN: Is this part of the negotiation of recent date when they expanded their offices?

MR. DAVID: Yes. I think it dates back about 12 months.

COMMISSIONER GOLDMAN: You mean since the time we started talking about this we negotiated a lease with them that they could have access to space that is occupied by staff?

MR. DAVID: We would have to get the minutes. No, I don't think so. I think the Limbach & Limbach proposal came

before any discussion of the redevelopment of the Ferry Building.

COMMISSIONER MORRISON: That is my recollection, but I do recall that that option was the basis of prolonged discussion here on whether or not we were justified in doing it.

MR. DAVID: Yes, it was.

MR. GIUSTO: That is all I have to say

PRESIDENT RUDDEN: Thank you very much.

MR. TAORMINA: Mr. President, members of the Commission, under No. 2, our current uses, we have also felt that a policy statement could be considered at the end of today's meeting. We have again drafted very preliminary language for the Commission to consider, change and modify. It is only suggested language.

Policy Statement 2 would read: "The developer agrees to honor all current leases in the Ferry Building/World Trade Center. The developer will make every effort to provide world trade and international business users of the Ferry Building/World Trade Center with continued occupancy under the new terms and conditions and without unfair advantages and discrimination."

I might point out that the language that we used in the latter half of that particular policy is the language out of the Burton Act concerning continued occupancy.

Again, this is only suggested language, and at the end of the meeting we feel that you should discuss it, and change it as you see fit.

COMMISSIONER MORRISON: By leases do you intend to

include licenses?

MR. TAORMINA: No, leases.

COMMISSIONER ROTHENBERG: We have a legal obligation anyway.

COMMISSIONER GOLDMAN: We should reserve our questions about the wording until the end. Is that what you are saying?

MR. TAORMINA: Well, we only provided suggested language. We feel that the Commission itself will want to discuss it among themselves. I think it is fairly clear.

MR. DAVID: We have had great difficulty trying to determine exactly what the net income to the Port is from this building, and we have had Mr. George Grubb doing some work in this area, and I would ask that he talk to you about earnings.

MR. GEORGE GRUBB: On the basis of information which was immediately available, the net annual earnings of the property for the fiscal year ended June 30, 1977 are estimated to be $54,800. The estimate is based on the following:

An adjustment was made in the amount of $153,286 for the value of the space occupied by Port personnel. The value was established at a rate similar to other occupants of this building.

The income for this year was based on nine months' experience. Indirect expenses for the year are based on six months' experience.

The item of indirect expense is based on 1971/1972 figures as prorated to facilities. Included are such items as insurance, fire protection, indirect maintenance, bond

interest, administration, heat, light and power, etc. In my opinion, indirect expense may be the least accurate item in estimating net income. Older data is usually less liable to reflect current conditions. Prorated figures are usually, at best, only estimates of more direct information.

For example, when the question was raised as to whether bond interest was really chargeable to these properties, it was learned that no one really knows.

Finally, one would assume that, since these figures are based on 1971/1972, they would be much higher because of inflation.

COMMISSIONER GOLDMAN: Excuse me, George. Do you crank into these numbers any kind of debt servicing?

MR. GRUBB: Yes. That is one of the items of indirect expense, done on a prorated basis.

COMMISSIONER GOLDMAN: Can you give us an idea of how much you have allocated to that?

MR. GRUBB: The total indirect expense I think runs something like $353,000 a year, and taking a statistical approach, I would say that these figures would be accurate within plus or minus 25 percent. If they were 25 percent higher, then we would have a net loss for the facility, $22,000. If they were too low, the net earnings would be $120,000 a year.

But just looking in terms of, for example, fire insurance, some of these items have gone up tremendously, and we are talking about seven fiscal years with inflation. You are talking about six or seven percent interest, compounded.

COMMISSIONER GOLDMAN: And we can't buy insurance now? Is there insurance on this structure?

MR. HUNTSMAN: Yes, indeed.

COMMISSIONER GOLDMAN: All the office space?

MR. HUNTSMAN: That is correct. This is the prime item in our insurance package, the Ferry Building.

COMMISSIONER GOLDMAN: Because we can't get it on the piers.

MR. HUNTSMAN: That is true. Most of them are excluded, unless certain parts are sprinklered, and they are included.

COMMISSIONER GOLDMAN: One other question on Item 1 before we get too far. What you are really saying is, accepting the numbers as presented, if the staff were located in one of the other properties which are vacant now, owned by the Port, we would realize, according to your calculations, another $150,000?

MR. GRUBB: That's right.

COMMISSIONER MORRISON: May I ask, Mr. President, what is the figure for gross rent on the building?

MR. GRUBB: I don't have that.

MR. TAORMINA: The last time we checked, it was approximately $900,000.

COMMISSIONER GOLDMAN: And since the Port is not paying itself, would we estimate that average as somewhere around 50 cents a square foot?

MR. GRUBB: On the 292,000 square feet, roughly 300,000, that would be about right.

COMMISSIONER ROTHENBERG: Does the Port end up paying a possessory interest tax on its share of the building?

MR. GRUBB: No.

COMMISSIONER ROTHENBERG: But does the assessor treat the building, for evaluation purposes, essentially does he prorate the total value that he allocates to the building to our tenants, less us? Do they pay our share, or is the space we occupy free of any form of taxes?

MR. GRUBB: I would have to make only a guess at that, because I haven't raised the question. I know that the possessory interest taxes at the Port are tremendous, but the possessory interest tax only goes to long-term holdings.

COMMISSIONER ROTHENBERG: I understand. What I fear is that somehow the assessor may be establishing his value as to what this building represents, and allocating it to our tenants. Recognizing that our long-term tenants represent a third of the space in the building, I wonder whether he is, (a) overtaxing our tenants based on the space they actually occupy, and therefore limiting the amount of rent increases we can generate because they are burdened with these other forms of tax, or whether the opposite may be true, and that may be that somehow the Port is ending up paying some form of tax without knowing it.

MR. GRUBB: I can't answer it, but I think Mr. Duca from the Assessor's Office could.

COMMISSIONER ROTHENBERG: He explained that once to me, but he lost me.

COMMISSIONER GOLDMAN: I think the best way to

evaluate that would be to find out what the total amount of the assessment collected from the tenants is, because each of them is charged individually, and this structure is just somewhat unique, rather than charging it through the Port and having it allocated. If we knew just how much was collected from all of the tenants and then relate it to the value of the building, I think we could do our own guesswork.

PRESIDENT RUDDEN: If it were based upon capitalization for earnings over a period of time for long-term leases, it would seem rather difficult, would it not, to do what Alan just indicated, where the assessor would take the overall building and allocate it to the respective long-term leases.

COMMISSIONER ROTHENBERG: I don't think it is based on stream of earnings, Jim. I think what they do is base it on what they think the market value of that lease is, and I think what is happening is, they are probably getting more out of the building in taxes than we are getting in net revenue.

PRESIDENT RUDDEN: If that is true, then it would still be a pretty difficult thing to make an allocation on the short-term, the long-term, and perhaps the licenses.

Anyway, I guess we can't resolve that.

COMMISSIONER GOLDMAN: May I make just a general comment. I think one of the advantages to the Port for establishing an overall lease arrangement, if we can determine that, is to transfer this somewhat confused assessment process to a single lessee of this building, and have it allocated as is done in every other office building. And I think that would be of benefit, certainly, to the tenants, because I

think a lot of them are surprised when they first move in here and then find the assessor coming down the road a few months later and saying, hey, you've got to pay an assessment, which unless it has been presented in advance, wouldn't be anticipated.

Anyhow, I think it would make a much cleaner way of running a building.

MR. GRUBB: In that earnings figure, it would be necessary to project the net revenue that the Port might earn if it were turned over on a triple-net basis, and there are so many factors involved in that that it is impossible, I think, for anybody on the staff to give an answer to that.

It would be my suggestion that the Commission consider having an evaluation made of this, and I think some study could be made within the parameter of $5,000.

COMMISSIONER ROTHENBERG: Mr. Grubb, the last time I saw a budget for this building it was rather sketchy, but it allocated over $200,000 to maintenance. Now, I think if we triple-net lease the building, there is one item of fairly dramatic consequence that will, hopefully, get conveyed to another party.

COMMISSIONER GOLDMAN: Specifically, I believe there are something like 16 or 19 janitors assigned to this building and the Agriculture Building --

MR. DAVID: That's correct.

COMMISSIONER GOLDMAN: -- on a full-time basis, which is a little heavy for the space.

MR. GRUBB: Well, in my review of the budget, I think it indicated there was some slight overstaffing there,

but that, I think, is taken care of in the next budget to some extent, and there is also the option, should the Commission decide they wanted to contract it and get it done under different circumstances, that now would be possible, through a recently-passed Charter amendment.

COMMISSIONER GOLDMAN: You mean other city offices are considering the use of private facilities. Is that so?

MR. GRUBB: That's right. There is one qualification in there, that the Controller has to concur that there is a cost-benefit analysis favorable to the City.

MR. TAORMINA: I might note for the Commission that we reduced our janitorial forces by two in this year's budget.

MR. GRUBB: Based on my study of last year's budget, I think the current staffing seems appropriate in terms of the number of square feet.

Now, you can't just take the number of square feet and get a real accurate figure, because it depends on what circulation areas they have and what each particular area's problems are, but it seems now reasonable.

COMMISSIONER ROTHENBERG: What would this independent property appraisal -- Is that the $5,000 figure you are referring to?

MR. GRUBB: Yes.

COMMISSIONER ROTHENBERG: Are they going to be telling us, in addition to what the value of the building is, what they feel comparable rents would be under slightly-altered circumstances, or what?

MR. GRUBB: I am sure they would do that, because

they are talking about a triple-net basis, somebody coming in and what he is going to be able to earn after he has developed it and improved it, and what he can afford to pay the Port.

COMMISSIONER ROTHENBERG: What I was simply asking is whether, under this type of assumption, we are asking the appraiser to look at the building in terms of its current condition, simply triple netted, or whether we are asking him to look at it in a certain improved condition, and how we give him perspective as to what an improved condition is, how we provide that insight to the appraiser in terms of judging relative rents.

MR. DAVID: Mr. Rothenberg, an appraisal was made. I wish Mr. Thiemann could be here, because I cannot give you the exact data. An appraisal was made several years ago, and by several I mean more than five, as to what would the space be worth if leased out bare bones, with no improvements.

To that extent, we are asking here for an update on that.

COMMISSIONER ROTHENBERG: But we are asking him to go beyond that? My question, I guess I am not getting it across, but I was just wondering what it is we are asking the appraiser to value.

MR. GRUBB: What you would get, possibly earn, on a triple-net basis.

COMMISSIONER ROTHENBERG: The question is, are we describing to him the scenario we think might be considered in terms of how the building would be improved?

MR. GRUBB: Well, there are certain limitations to

that. You previously discussed the status as a landmark, and that may provide certain parameters that put some obligation on them, and that has to be known.

COMMISSIONER ROTHENBERG: That is why I asked the question.

MR. GRUBB: And I think any developer that would come in here would look at a great many things. For example, the status of the building so far as earthquaking is concerned, if they are going to major develop in here, what is going to be the cost.

COMMISSIONER GOLDMAN: Well, is that something that is going to do us much good before we have gotten into the process?

I think that we all have a notion, at least, that we are not receiving from this building that which the current market would bear, but what we will receive depends on a lot of things. For example, air conditioning is a basic question. It costs quite a bit of money to install air conditioning, but at the same time it will be reflected in the income of the property. Or, in some of the areas of the building, to open up the view side and putting in more windows, rather than keeping it closed, which again will enhance the value of certain properties for rental purposes.

I am just wondering what we are going to get for $5,000 at this stage that we should not wait and get in a more specific way as we get further in.

MR. GRUBB: I think you want good economic advice to make a decision. If I were to make a wild guess and say

that $54,800 is in the ball park, I would think, on a triple-net basis it would be safe to assume you would get ten times that much, and I would say it is worth $5,000 to find out if that is in the ball park.

COMMISSIONER GOLDMAN: Well, my only point, George, I don't take issue with it, except I think that is a guesstimate that can be made for $5,000 or for nothing by a number of people in the community.

MR. GRUBB: I think you want more than a guesstimate I think you should find out, for example, the current condition of the area, and take into account the views, how much of the property will remain. Some of the property, like the World Trade Club, nobody is going to touch, are they? Some of the spaces are in reasonably good condition, and attractive.

That has to be broken down for these things, and then there is the problem of the long-term lessee, what are you going to do with that? That puts a parameter on the developer. He has got a rental from that fixed figure.

MR. DAVID: Well, we will come back with our recommendation, Mr. Chairman?

PRESIDENT RUDDEN: Yes.

MR. DAVID: The next consideration we had regarding the Port offices. As you all know, we have for the last several years discussed the possibility of moving to Port offices to the Agriculture Building, and we felt that at this time we should do nothing at all, and in terms of offering the building to the developer, we would wait to hear from him

as to what would be the value of the space occupied by the Port offices, and then the Commission can make a judgment in terms of whether it is worth considering this or not.

COMMISSIONER GOLDMAN: Well, this relates to a question I asked before, Mr. Chairman, because it seems to me the Agriculture Building affords some of the same benefits that this building offers, so my question is, why limit the Port's Engineering Department just to the Agriculture Building, when probably it could be well located in the Pier 50 building, which doesn't have any use right now. Why is it being so exclusively considered?

MR. TAORMINA: Commissioner Rothenberg is the one who specifically requested the engineering staff to look at the Agriculture Building.

COMMISSIONER GOLDMAN: I would request that you look at all of them.

MR. TAORMINA: We are looking at them, but our staff is currently preparing a schematic. That was requested in a public hearing by Commissioner Rothenberg. If you want to make the same request --

COMMISSIONER GOLDMAN: Well, I just think we should be flexible. We should take a look at the total of the property, and I think we should recognize that the Agriculture Building affords the same benefits to the Port as this building does, although with limited space, and therefore, if we simply move it to the Agriculture Building, I think we are limiting our outlook as to the potential of these combined structures for the Port, and I would like to suggest that you consider all

the Port properties in the movement of offices.

It would be my contention, which I stated at a public meeting earlier, maybe almost a year ago, that except for the possible need of maintaining a facility in this building for aesthetic values, that all of the offices should be consolidated in one structure, and it seems to me that the Pier 50 building affords an excellent opportunity to do that.

MR. DAVID: Well, our position was only in offering this building to a developer that the decision regarding the location of Port offices doesn't confuse the issue at all when you consider the space we occupy in the description as in the licensed areas. We don't really see where there has to be a tie-in on the Port office decision with offering this to a developer.

COMMISSIONER GOLDMAN: I think my point is, maybe we would rather consider it as a separate development, but I look upon the Agriculture Building, except that it is much smaller -- I don't know how many square feet there are there right now, 100,000 or less?

MR. GIUSTO: Less than 100,000.

COMMISSIONER GOLDMAN: Somewhere between 50 and 75 thousand, I guess, so significantly, the number of square feet is less, but effectively it is also an opportunity for enhancement and development that shouldn't be overlooked, and we shouldn't make a temporary move into there if we are prepared to consider it as an adjunct to what we do here.

PRESIDENT RUDDEN: What are the requirements of the Port for office space?

MR. DAVID: We now occupy approximately 24,000 square feet. As you know, because we are in about four different locations, we recognize that if the Port offices were consolidated we could probably get by with somewhere in the neighborhood of 14 to 16 thousand square feet. We are in more space than we need, only because of the division of Port offices.

COMMISSIONER MORRISON: Mr. President, it seems to me, Mr. David, that wherever the Port offices are to be located, their location is a critically-important consideration for the Port and the Commission.

I am not satisfied to see the decision on location be settled by chance. I think the decision on location should govern other decisions and other development possibilities, rather than allow the location decision to be decided by a whim or by chance.

MR. DAVID: Mr. Morrison, we didn't mean to imply that. My thought goes something like this, that until, one, we could determine the cost to move Port offices to other locations, but it seemed to me at this time we cannot determine the cost of remaining in this building, and after a developer has determined what the cost is to have Port offices remain in here, then the staff can make an analysis of whether we can afford, if you will, to stay in this building, or whether we must consider other locations.

COMMISSIONER MORRISON: Well, it just seems to me we should ask ourselves what location of staff offices will allow optimum development of the maritime and nonmaritime

activities of the Port, and make a decision on that basis.

MR. DAVID: That we can do, Mr. Morrison, but again, it seems to me that perhaps, in our enthusiasm to move this building along and offer it out for development, I didn't think that this necessarily had to be considered as a Ferry Building problem, if you will.

COMMISSIONER ROTHENBERG: Well, one option we always have, Jack, is moving next door to the Ag Building, which, under this proposal, we would not be offering out. We have probably lost a lot of opportunities to consolidate space and we have all these empty office skirting our loins along the waterfront.

I guess there really are a number of questions. We are moving the maintenance staff soon? When is the move actually to take place?

MR. TAORMINA: The maintenance staff move will take place towards the end of this year.

COMMISSIONER ROTHENBERG: When they actually move, will that take any people out of this building?

MR. TAORMINA: No, just out of Pier 16.

COMMISSIONER ROTHENBERG: But it will put a fairly significant distance between here and over there.

MR. TAORMINA: It will be down at 16th and Illinois.

COMMISSIONER ROTHENBERG: That can be a little commute.

COMMISSIONER GOLDMAN: In your absence the issue was discussed somewhat of the possibility of developing the Agriculture Building as we are developing this building, and

consider other Port building properties for staff, because Mr. Taormina said you were the one that requested we consider the Ag Building, and I said that I will request that we consider other properties.

COMMISSIONER ROTHENBERG: The only reason I said that is that Mr. Taormina told me six months ago that several years ago a developer had done a plan, or an architect had done a plan, a renovation plan which was rather grand, because it was going to have the Tony Taormina Memorial Museum in it. I have been trying to get to look at those drawings ever since then, because the numbers seem rather high to me, and Tony hasn't been able to produce them.

What I just asked was to have our engineering staff go through and say, if we were to take that portion of the building we need, and convert it into a fairly open, fairly modern office-type environment internally, what kind of costs there would be. Has Chuck ever had time to have someone go through?

MR. TAORMINA: Mr. Giusto is working on that now.

COMMISSIONER ROTHENBERG: Fine. Only because that is probably the least painful of alternatives, because we just walk across the street. But there may be much better uses for that building.

COMMISSIONER GOLDMAN: That is the point, Alan. We have a building at Pier 50 which is vacant. I think I recall, what is it, 50 or 60 thousand square feet in that building?

MR. DAVID: No. I think it is in a magnitude of

about 20,000 square feet.

COMMISSIONER GOLDMAN: The total building? Whatever it is, it could very well accommodate the Port staff.

COMMISSIONER ROTHENBERG: Well, we have a very attractive building at Pier 80 that is far more modern than any other structure we have on the waterfront, which at the same time we need to consider, because that move would probably be the least expensive of all.

MR. TAORMINA: Mr. President, members of the Commission, the fifth component we have written down is what we call design considerations. As such, the staff feels that design considerations for building improvements could be broken down into two separate categories, the exterior and the interior.

This relates back to what we were talking about earlier with respect to the historic restoration or the National Register or landmark status.

To that extent, exterior design guidelines that are consistent with historic restoration of the building will be required. The developer will need to know what is referred to as specific design terms of reference with respect to exterior design changes which would be acceptable under landmark designation, as was previously mentioned by Commissioner Rothenberg with respect to the loft of the building.

It could also involve such questions as the entrance relocation of the building, window modifications, the arcade modifications, and improvements to the Bay side of the Ferry Building/World Trade Center.

To that extent, we are requesting again, at the end of this, that the staff be given permission, authorization to enter into a contract with Charles Hall Page Associates, who have expertise, and have done this type of design terms of reference previously, for the purpose of preparing a series of design guidelines which will suggest opportunities, but which will also recognize the national registry and the city landmark, and these guidelines are to be included in a development package that would be sent out.

Now, the exact scope of work to be done under the contract and the exact cost of the contract would all be negotiated now, and come back to the Commission for final approval. What you are really doing here is directing that it is indeed something that you would like to see done.

The interior design of the building, the layout of the building, however, will be left to the determination of the developer, recognizing the various utilizations, whether they are retail, commercial, office or restaurant types of uses.

COMMISSIONER ROTHENBERG: Mr. Chairman, I think, with regard to Tony's suggestion about hiring Charlie, I think this is the problem we got into originally with Mr. Ciampi. The Port and the Commission need to know what we can do with this building, the exterior of the building, before we start talking to developers, because we put ourselves at a decided disadvantage by not, (a) being able to show a developer what his limits are and, two, knowing to what length a developer can go in terms of how he can generate more revenue sales on

the ground floor, or whatever. This is something that we had hoped to have sometime back, and I think perhaps we could move it forward with some haste to obtain not only terms of reference, but some fairly simplistic visuals, so we could see what we are talking about.

I think that would excite us a lot more about the project, and it would certainly be useful to get a far larger number of developers interested in bidding on the project, because some of them have great visions, and others would have their vision excited by knowing what the exterior is going to look like, and therefore might be far more generous in terms of what they would pay for the interior.

So I recommend we move this forward. Since we don't know what the cost is, Tony, would this wait until another meeting?

MR. TAORMINA: Yes. If given direction today, we would immediately begin discussion with Mr. Page to decide what the cost is, what the scope of work would be, and hopefully that would come back to your commission meeting again. As the City Attorney has ruled, we could bring it to your regularly scheduled meeting, and if we can reach terms and certify that funds are available, we could come back at the next meeting.

PRESIDENT RUDDEN: Okay.

MR. TAORMINA: The final segment of our presentation deals with the process that would be involved in seeking a developer. We have tried to lay out a series of steps that would be taken. Again, we are asking the Commission today

to allow the staff to begin, first by seeking developers on the basis of request for qualification, and then going down, preparing varous things all at once, and then going into a more sophisticated selection process.

We have kind of laid out some of the major points in our material here. The first review, of course, under request for qualifications. The primary consideration would be reviewing a developer's past experience, his financial capabilities, and the quality and technical expertise of the individuals associated with the firm.

The staff would always seek outside expertise in helping to evaluate these developers throughout the process.

Then, following the selection of a small number of qualified developers, we would provide them with supplemental information that we have talked about previously: the property appraisal, the design terms of reference, and what we call here the Port Commission's aims and objectives.

Following this would be an interview in which a recommendation would come to the Port Commission, and a public hearing would be held.

I asked Mr. Dave Burness, also one of our architects, who has been working as the Port's representative on the Northeastern Waterfront Survey Committee, which has used this process with an RFQ which they are currently in, to prepare for us a tentative schedule of how things could occur if action was taken, and when something could occur down the line.

I would like to have Mr. Burness explain what we

feel the various components are. I think it will answer some of the earlier questions we had about the structural design of the building.

MR. BURNESS: Mr. President, Commissioners, this, as Tony says, is tentative, and it sort of shows how it might be done in 180 days. The exact length of time involved for any one of these steps may vary, depending upon contingencies that emerge.

This is the date today, the day, and presuming that we get going following that, I have identified the contractual piece of work in the design terms of reference, which have been presented previously. I have identified the work on the appraisal.

COMMISSIONER MORRISON: Mr. President.

Let me interrupt you at that point. Could you expand on that subject of design terms of reference?

MR. BURNESS: This is the scope of work that the firm of Mr. Page has been suggested to do in terms of the requirements for historic preservation and other architectural requirements of the exterior, in particular, of the building.

COMMISSIONER MORRISON: You have in mind nothing other than that?

MR. BURNESS: At this point in time. There may be other issues that make themselves obvious.

COMMISSIONER ROTHENBERG: I think, Jack, it is to lay out the obvious questions about what our options about window treatments, building an arcade, moving major elements, so that before we get too far into this we know what road

blocks are obvious, so we can either deal with them or go around them or whatever.

COMMISSIONER MORRISON: I think this is a crucial step in the whole operation, and it is a step that has been lacking so far.

It does not seem to me that the design terms of reference should limit themselves to the demands of the National Register, or simply to the exterior of the building.

MR. TAORMINA: I think we would like to comment on that again. I think, under our current recommendation, No. 5, with Charles Hall Page, that indeed would be what we would think his scope of work is.

It would be obvious that if the Commission wished to expand that scope, indeed we would have to incorporate that and allow the time line to reflect it.

What we have there at this particular time simply is what we are asking you to give us permission to move on Item No. 5.

MR. BURNESS: I would add that I think there may be issues in the interior of the building that can be identified, aspects that could be at least addressed, in order to give us something to chew on as we move through this process.

In any case, I have indicated that the process might, hypothetically, take approximately 100 days. I don't know how long the appraisal would actually take, but I have inserted it along this line here, also a contractual kind of thing.

Another process that I recommend should take place

may or may not be done under a separate contract, depending upon what we discover, but I think we need to analyze all the applicable codes as they affect substantial renovation of the building. Mr. Page indicated that sometimes there is mitigation in codes as they affect historic buildings. On the other hand, I would have to check the city code in this regard, but it does require, as I understand, if the renovation is substantial, in general it requires complete compliance with the current code.

COMMISSIONER ROTHENBERG: Doesn't it cease to require it if you don't change --

MR. PAGE: It depends upon the amount of rehabilitation.

MR. BURNESS: In any case, this may overlap with the other contract. There is a set of tasks involved in analyzing the existing structure, making recommendations as to possible means of bringing it up to those code requirements, whatever they may be.

It is not cut and dried, because whatever may be required in part depends on the extent of change. It may depend on the nature of the solution the developer actually wishes to insert into the process, but it is something that I think we should do as homework before we go out in a detailed way to developers.

After these processes have started and before they are finished, we can begin to prepare an RFQ, which can be distributed to as many developers as we care to, to see who would be interested, to see who they are. It should identify what we

want to know about them in order to be able to limit the list, through a process of screening, to those that we wish to carry on into the next phase.

COMMISSIONER GOLDMAN: Does that depend in any way on the other phase? Couldn't we do that right now?

MR. BURNESS: We could. My own suspicion is that if we start now and don't finish it until after these other processes are ready, it may be too attenuated.

PRESIDENT RUDDEN: On your initial items, the limitations, as you indicated, may be extended as you go on. Is that correct?

MR. BURNESS: I am not quite sure I understand the question.

PRESIDENT RUDDEN: What you are covering in these things, you may uncover other things as you move forward, which might make it difficult to prepare anything, let's say, for the developer.

MR. BURNESS: Yes. This is hypothetical, to be sure, as to how long these periods of time are.

It occurred to me that we ought to even get into this before we start drafting the request for qualifications, because we will know more after we have been into this total process for a while. But we can indeed start. We could receive,by a date we can set, all the material, spend a period of time, two or three weeks -- and I have indicated about three weeks -- evaluating that, screening it, and selecting the development teams that we wish to talk to further.

As we begin to finish the other processes up here,

we can begin to draft what we think should be in the request for qualifications, and also as we are reviewing the material we receive from the people who are interested. This is indicated to be receive and review the request for qualifications.

The next step is prepare the RFP, which can overlap that, as I have suggested. Then we issue the RFP's, and this all follows, essentially, the termination or the successful completion of the other previous tasks.

Finally, the RFP's are responded to through a period of time. We receive them, evaluate them, and then we have a process where we probably would interview, go through a selection process, and then negotiate.

As I have suggested here, conceivably this could take place in 180 days. The periods of time I have assigned to these seem to be reasonable on the face of it, if there are no contingencies that emerge.

COMMISSIONER GOLDMAN: I think it is very well laid out, but we can see by the chart that the first three steps, particularly 1 and 3, are extended for a longer period, and if we could cut them back and shoot for a total of 90 days by having them speed up the process, we could start those other procedures along the way, unless there is data they have to uncover that I --

MR. TAORMINA: I think the critical path in the chart we have here happens to be those particular lines you are relating to, the design terms of reference and the construction, and you might start out saying you want to limit it to 90 days, but when you maybe start looking at some

electrical, or you break into a structural thing, you may find that what you have really done is, you have put such a constraint on yourself that it is not realistic, and I think the 120-day basis is the best we can hope for, and if we can do it in 90, or something, that would be something else.

MR. BURNESS: In fact, these two longest processes are shown at 105 days, as it fell out.

For your information, I have also added some other information. These are current estimated dates for certain tasks in the Northeastern Waterfront Survey. You may remember the bouncing ball diagram, in which staff prepares scenarios. The consultants,who have not yet been brought on board and are still in the process of being selected, will take those, evaluate them. The staff will take that evaluation and prepare a total development plan for the area down to Pier 24, I believe.

This is approximately the date by which we would like the consultants to finish their evaluation of our scenarios, which we have already prepared, and then this happens to be about the middle of June. At the end of July the expectation is that the staff will finish its preparation of the preliminary design plan, which means the tentative set of overall objectives for the Northeastern Waterfront Survey.

Then, at the end of September, that preliminary design plan having been fed back to the consultants, they would come up with the product, which at this point in time, hopefully, would become the basis of the next process, which involves the staff and the various public agencies and public

review committees, generating changes to public policy, implementation of specific projects, and implementation of new plans for the area.

COMMISSIONER MORRISON: Mr. President?

I like the process that you have outlined. It seems to me what we ought to do.

I do notice it varies from the text the staff has submitted to us. They don't contemplate an RFP going out to proposed developers, but they seem to contemplate a more informal process.

I prefer the keen competition that I think your plan will generate.

MR. TAORMINA: Let me comment. An RFP, it is consistent. We didn't use the term RFP in our process. The RFP that we have noted there is a narrative RFP. The staff does not contemplate that we would really require the developer to do extensive planning and designing of the building. I do believe that most of them will probably be doing some preliminary stuff, and I think that will be part of the RFP, but we are not going to really require them to put it down into a concrete plan.

COMMISSIONER MORRISON: I don't understand that, Mr. Taormina.

MR. TAORMINA: Well, in other words, I would imagine that, for instance, the people who have bid on the development at the marina at Pier 54 all went out and expended considerable sums of money to develop specific site plans, saying the berths are going to be here, and everything. We do not

contemplate that the people whom we choose on the RFQ basis will be going to that amount of detail in submitting their proposals for the building. We would be more looking on the general guideline basis, based on our present policies, more general types of concepts, as opposed to specifics in a design plan which is referred to generally in these competitive bid processes.

COMMISSIONER MORRISON: But you are proposing that their submissions will offer us some basis for a decision.

MR. TAORMINA: Oh, yes. Definitely there will be some basis for a decision, but I don't want to leave it to the extent that we think they are going to be going out and spending $200,000.

COMMISSIONER ROTHENBERG: I think what Tony is saying is that they will have to give us something that implies, both financially and aesthetically, what their intentions are, but we are not going to ask them to come in with any formal working drawings, because that would probably dramatically limit the number of people who might apply, but we are going to judge them more by their past activities, in terms of even deciding whom we talk to, and then, of course, we reserve the right to decide what they do in this building in a very substantive way.

COMMISSIONER MORRISON: Yes. This may very well work. I am not sure. But it would seem to me, before a developer can tell us how much money the Port is going to make on this, he is going to have to get pretty specific in his designing, and I presume that is going to be a major factor

in our decision, what our rental is going to be.

COMMISSIONER ROTHENBERG: Somewhere we are probably going to have to, as a Commission, decide how we want to weight proposals in terms of how much will be purely revenue and how much will be aesthetic. We are going to have to value each of these components, and then weigh these people against it, because it may end up that one developer offers us $600,000 a year, and what he does to the building we don't feel is necessarily in the best taste, and another one offers us $550,000, but what he is doing we feel is far superior, and we will have to work out among ourselves some criteria as to that.

COMMISSIONER MORRISON: I anticipate that, but in the RFP you are going to ask the prospective developers to give us the income projections and --

COMMISSIONER GOLDMAN: May I comment about that? There is no guarantee as to what the income will be. The only thing they can guarantee is a minimum income, and any type of a retail lease is going to be on a percentage basis, and what we are really seeking is a development that will attract the most activity to enhance that overage to the greatest extent.

I might also add, I don't think we can anticipate that we can get as broad an interest in development if we put conditions on the presentation such that they are going to have to spend a lot of money to present themselves. They can say, there is other work we can do, and we don't have to do this. I think we are going to have to bear that in mind

in advertising.

MR. TAORMINA: To go back to one point on that, Mr. Morrison, is that before that RFP went out, what we call an RFP in our narrative is this property appraiser, the design terms of reference, and the Port Commission's aims and objectives. That is the document that will come back to this Commission, which you will have the opportunity to put down in some sort of narrative form what you will really be requesting them to come back on.

COMMISSIONER MORRISON: So we really haven't decided what is going to go into the RFP.

MR. TAORMINA: Our present thinking now is in a general narrative form, as I have pointed out.

COMMISSIONER ROTHENBERG: I think a lot of the drawings that staff has put together, this whole presentation, I think, is very well done, and it gives us good insight, and I think a lot of these same things will be useful to potential developers.

PRESIDENT RUDDEN: I think this gives us enough to move forward, and then they can come back to us for further --

MR. DAVID: Yes, Mr. President, but we would like to really conclude --

(Short recess.)

PRESIDENT RUDDEN: May we get under way?

Ed, after all, there isn't anything that you expect us to vote on today, is there?

MR. DAVID: The real purpose of the meeting was to make this presentation and, as Mr. Rothenberg indicated, all

of the exhibits that we have here are things that have been prepared that we would send out to potential developers, but as I indicated when the meeting started, in discussion with Mr. Bridges he said he felt the same as I on this matter, and we would like to move this along and really ask for direction from you so we can start the whole process, if you will.

We are talking about 180 days. We would like to start the 180 days tomorrow, and that is why we were asking for direction, some policy, which we outlined in the memorandum.

PRESIDENT RUDDEN: I think that the Commission has indicated thus far that we certainly approve of how you have been moving ahead.

Now, Mr. Rothenberg has some reservations about how far we should go in the matter of approval. He thinks that we should digest this until our next meeting so we have a further opportunity to discuss it.

COMMISSIONER ROTHENBERG: Mr. Chairman, I would like to encourage the staff to move forward on the things we talked about. The only questions I had were on these actual policy statements. I think I would rather deal with those at a full meeting. I think Mr. Bridges has very strong views on this matter, and I would just like to give him the opportunity to discuss the matter, too.

MR. DAVID: Could we schedule this for the meeting of the 8th?

COMMISSIONER ROTHENBERG: With the exception of the policy items, I don't have any problems with it. I think we are all in general agreement.

COMMISSIONER GOLDMAN: There really are only two policy items. May I suggest that Policy 1 be broken down into A and B?

I haven't got that same problem. I think at least we could talk about them, if you would rather put those two questions off until the next meeting.

PRESIDENT RUDDEN: Why don't you do this. Why don't you supplement this memorandum that you have along these lines, and break it down a little bit more, and then at the next meeting we can pass upon --

COMMISSIONER ROTHENBERG: I don't have any big problems with Policy 1. I just think we have to make it clear, I was noodling around saying, recognizing the Ferry Building has landmark qualities, and any developer establish his work on the guidelines established by the Port Commission or other appropriate agencies.

I think we want to make it clear that we consider ourselves the arbiters of what is done here, and of course to the extent there are other qualifiers through some other agencies, we will pay respect to that. But I think we need to make it clear that we are the main actor in this process, and we don't want to start conveying authorities to others which may not necessarily be parallel to our own.

All I would like to do is perhaps say something slightly vaguer, where it is made clear that we are going to place certain demands, and others may place certain demands, without getting into specifically who. Otherwise, the Art Commission may be offended, the City Landmark Board may be

offended, and I am not sure that is a productive use.

COMMISSIONER GOLDMAN: Well, Mr. Chairman, I think the staff would like to know what our general feeling is, and I think that we can approve the presentation and recommend that we proceed with all due haste, and to respond to these specifics which don't seem to prevent the procedures that were discussed today, if we want to discuss them at the next meeting I have no objection.

PRESIDENT RUDDEN: It would seem to me that we have approved --

COMMISSIONER GOLDMAN: Whether we have or not, let's just specifically state it. That's all.

PRESIDENT RUDDEN: I think that the Commission is in agreement as to what has been done, and I think that the staff is to be complimented on this.

I think wherever there is anything which is hazy, which there apparently is, and I don't know that it is of any great consequence, but it seems to me that you do have our tacit approval to move forward such as you have, and with reference to these specifics, if you will send another memorandum enlarging on it, as Alan has asked for, nothing is going to happen other than our approval put off until that date.

COMMISSIONER MORRISON: Mr. President, I will move that the staff be authorized and directed to proceed with the program they have outlined in their written presentation to us today, excluding from that presentation the proposed policy statement, so that we can get the process under way.

I have many reservations, and I think I will have many questions along the way, but I do think it is important to get this process going.

COMMISSIONER ROTHENBERG: Mr. Chairman, I would also recommend that we have our attorney, Mr. Lynch, review Policy 2 in terms of what that commits us to. There are some very vague terms in there. I would just like to make sure that we treat our tenants properly, but I have never understood what a world trade or international business user is.

Similarly, I just want to make sure that nothing we say in here either violates, in terms of our existing leases with tenants or, on the other hand, confuses what our real intentions are, so I just want to make sure we say something that legally we can live with.

COMMISSIONER GOLDMAN: Also, I would like to strike the words "every effort", which doesn't seem to add anything, but confuses me, in that statement.

I think we have to treat this building really as an adjunct to the quality office buildings that exist in this community, with the advantages to be gained by its location and some of its ground floor opportunities, and I don't want to restrict us by wording here that somebody is going to back and throw at us at a later date as having interpreted it in a completely different way.

All I am saying, I suggest they make the statement succinctly, to the point, and not elaborating with a flowery phrase and maybe a few unnecessary adjectives.

COMMISSIONER MORRISON: The motion contemplates

that the policy statement will be on our next calendar.

COMMISSIONER ROTHENBERG: I second that, Mr. President.

COMMISSIONER GOLDMAN: A question about it. This does not preclude them from proceeding with some of the work, such as the work with Charles Hall Page. Is that correct?

COMMISSIONER MORRISON: That's right.

PRESIDENT RUDDEN: I think that there is an understanding with the Commission. I think you know that.

I think that the items that need further clarification have been brought to your attention. I think between now and the next meeting you should send us a memorandum, after Bill Lynch has gone over it with you, and in the meantime to move forward as rapidly as possible, so that we do not lose any time.

COMMISSIONER MORRISON: I think it might be well to record a vote on the motion so the staff is in no doubt that we have --

PRESIDENT RUDDEN: That we have confidence in them.

COMMISSIONER ROTHENBERG: I move the motion.

(The motion was carried unanimously: Commissioners Goldman, Morrison, Rothenberg and Rudden - aye; Commissioner Bridges - absent.)

MR. HUNTSMAN: That is all that is on the agenda.

(Whereupon the meeting adjourned at 11:55 a.m.)

SAN FRANCISCO PORT COMMISSION

Minutes

REGULAR MEETING

March 8, 1978

Board Room

Ferry Building

San Francisco, California

MAR 21 1978

DOCUMENTS DEPT.
S.F. PUBLIC LIBRARY

Reported by:

Glen D. Miller

SINCE 1931
HOTCHNER REPORTING SERVICE
DEPOSITION NOTARIES
HEARST BUILDING
THIRD AND MARKET
SAN FRANCISCO, CALIFORNIA 94103
PHONE 434-1055

CONTENTS

		Page
1.	Call to Order	2
2.	Approval of Minutes	2
3.	Executive Office Report	2
4.	Consent Calendar	4
5.	Unfinished business:	
6.	Report on status of North Point Project	13
7.	Report on selection of landscape architect	55
8.	Recordation of retention of special counsel	58
9.	Request for supplemental appropriation for fireboat PHOENIX	59
10.	Emergency at Islais Creek	74
11.	New business:	
	Obligation for prior indebtedness	74

COMMISSIONERS PRESENT:

JAMES J. RUDDEN, Acting President

ALAN E. ROTHENBERG

HARRY BRIDGES

JACK MORRISON

RICHARD M. GOLDMAN

COMMISSIONERS ABSENT: (None)

ALSO PRESENT:

Edward L. David, Port Director

Julius Herren, Finance and Administration

William Lynch, Deputy City Attorney

James Huntsman, Administrative Service Officer

Anthony Taormina, Deputy Port Director

Harry Thiemann, Commercial Property Manager

Charles Vickers, Chief Engineer

Warren Simmons, San Francisco Port Developer

Robert Katz

Herbert Kosivitz

P R O C E E D I N G S

PRESIDENT RUDDEN: Good morning, ladies and gentlemen. May we come to order, please.

MR. HUNTSMAN: Good morning, Mr. President. I request approval of the Minutes of the special meeting of February the 17th, 1978, and the regular meeting of February the 22nd, 1978.

PRESIDENT RUDDEN: Any objection? The Minutes are approved unanimously.

MR. HUNTSMAN: Item No. 3 is the executive office report by the Port Direct.

MR. DAVID: Mr. President, there is a large group here that wants to testify regarding increase in dockage rates at Fisherman's Wharf.

I have asked that the matter be put over to the next meeting. The staff has no other reason to put the item over, they are requesting that it be put over.

COMMISSIONER ROTHENBERG: What happens between now and then? Will that have any effect?

MR. DAVID: Nothing that I'm aware of.

COMMISSIONER BRIDGES: This is not a request of the staff, then?

MR. DAVID: No, it's not a request of the staff, it's a request of the fishermen here.

COMMISSIONER GOLDMAN: Do they have a spokesman here?

MR. MITCHELL: My name is Mike Mitchell. We found out about this meeting yesterday, and we'd like to have a little time to get our members together, and maybe talk to you gentlemen

about it, but we just found out about it yesterday, and we'd like a little time to get together and give you gentlemen a few reasons why it shouldn't happen.

COMMISSIONER GOLDMAN: Is that something that's true, they had notification to be here, and did you correspond with them?

MR. TAORMINA: We instructed, I was looking for -- Mr. Riemers? He's hiding in the back there.

Jim, we said that we were going to have these rates posted last week.

MR. RIEMERS: My name is Ed Riemers. We did, we posted a notice at the Wharfinger's office at Fisherman's Wharf.

MR. CARLOTTI: Could I make a little comment on the posting of the notice? It was on a little piece of paper about four by five inches on the door of the Wharfinger, and you, nobody knew what it was or anything else. I walked by there two or three times and nobody knew what it was about until a wharfinger down there told me, and I went to the door and looked, and you couldn't even hardly notice.

COMMISSIONER ROTHENBERG: Well, since we've waited two years to change it, I think we can wait another two weeks.

COMMISSIONER GOLDMAN: Well, there is only one comment I'd like to make, if it's agreeable, since it seems there are a number of people here representing the fishermen, they're asking us for delay on a technicality, I think it's important to recognize, I just want the record to be clear so that when we come back you'll understand what the concern is of this Commission. I want the record to reflect that.

As I undertand it, the commercial fishing boats are being

increased, recommended to be increased to 80 cents per day, and sports fishing boats to $1.60 per day, and that the Port of Oakland charges for the combined regardless of commercial or sports fishing boats, $2.16 a day.

I just want the record to speak to that point because I think this is going to be part of the discussion. So if two weeks is enough, I have no objection to that, but I think we will be talking of these facts. I don't see where there should even be that kind of a differential when this matter comes up in two weeks.

PRESIDENT RUDDEN: Okay gentlemen, it's unanimously approved that you be given two weeks. See you then, thank you very much.

MR. DAVID: Mr. President, I further ask that the Items 12 and 13 be put over to the next meeting, as Mr. Bowen, our marketing manager, is ill today.

PRESIDENT RUDDEN: No objection, that will be put over to the next meeting.

MR. HUNTSMAN: Item No. 5 is the Consent Calendar: (a) licenses and leases (30-day); (b) refunds and allowances in the amount of $10,675,000.02.

COMMISSIONER ROTHENBERG: Oh, I have a question, PFEL was supposed to pay us on March 1st?

MR. HERREN: In talking to our attorney, the bankruptcy attorney, he said it could be the 11th.

COMMISSIONER ROTHENBERG: Well, when are we supposed to get paid?

MR. DAVID: Not yet. We had an agreement whereby last month they were to pay us 197,000, which they did. The agreement

further was that they would pay us 197,000 by the 4th of March. We have been informed by the bankruptcy counsel, Mr. Phelan, that they have had to change this, but they are going to pay us this week, 70,000. We go on a weekly basis, rather than the monthly basis on paying the rent. And in fact by April 1st, we would have 197,000 for March.

COMMISSIONER ROTHENBERG: Right, but how would they pay us in April?

MR. DAVID: The only commitment we had in the Federal Court was for February and March; correct, Mr. Lynch?

COMMISSIONER ROTHENBERG: What jurisdiction does the Bankruptcy Court have through their cash account, as opposed to their prior obligations?

MR. LYNCH: Well the prior obligations are frozen.

COMMISSIONER ROTHENBERG: I understand.

MR. LYNCH: What PFEL testified in court really wasn't an agreement. Our agreement is our lease.

They testified in court they would pay us on the 1st of March. We are one of the creditors that was to be paid in their financial plan. Today at 2:00 o'clock, there is a hearing in Federal Court, and at that time PFEL is supposed to introduce a plan to take care of its financial problems.

COMMISSIONER ROTHENBERG: For the month?

MR. LYNCH: No, a plan for the period of bankruptcy, and then if the court is satisfied they can carry out that plan, the plan will be put into effect, and we won't know until that hearing as to what that plan is. The testimony in court was carried up to strictly March 8th, to before the plan was introduced.

PFEL apparently had a very serious cash flow problem right now, and as a result of that cash flow problem they want to pay us for March in increments. They are unable to pay us.

COMMISSIONER ROTHENBERG: Fine, if they want to pay us weekly, fine, but when are they going to pay us?

MR. LYNCH: Our bankruptcy counsel told us their plan is to pay us $70,000 by March 11th, $70,000 by the following week, and then the remaining 57,000 before the end of the month.

PRESIDENT RUDDEN: By March 11th, that's a Saturday?

COMMISSIONER ROTHENBERG: Would you just notify the Commission so it can be resolved?

MR. LYNCH: I certainly will.

MR. DAVID: If they fail to pay, what recourse do we have?

MR. LYNCH: Anything could be done through the Bankruptcy Court. We can, as I understand it, attempt to obtain two other creditors who would go along with us and petition the court to remove them from Chapter 11 bankruptcy and move them to involuntary bankruptcy. It really means liquidating the assets.

COMMISSIONER ROTHENBERG: I'm sorry, Mr. President, I didn't want to distract the meeting.

PRESIDENT RUDDEN: That's all right. Then we are talking about Saturday?

MR. DAVID: Yes, sir.

COMMISSIONER ROTHENBERG: Does Saturday mean Saturday, or does it mean Friday?

MR. DAVID: It means Monday.

COMMISSIONER ROTHENBERG: Well, the next time we go into court will somebody just carry a calendar?

MR. HUNTSMAN: Item No. 5, Consent Calendar: (a) licenses and leases (30-day) ---

MR. VICKERS: Jim, may I interrupt you, that's not quite correct. A lease on here, which was previously approved by the Commission, does not appear at this point. Unfortunately, I wasn't here last Friday when this thing was presented, and there's an error in extension on the last item, instead of $480, it should be $48.

PRESIDENT RUDDEN: Is there any objection?

MR. HERREN: It was previously approved by the Commission.

COMMISSIONER ROTHENBERG: I just have one further question, Mr. President.

The first item, it should be canteen service?

MR. HERREN: It should be canteen truck.

COMMISSIONER ROTHENBERG: I am just curious why previously they paid us $133, and now there's only $50.

MR. HERREN: Because they lost a lot of their stock. The BART platform was there they did a lot of their business. It's been taken from them and now they're at the Ferry Terminal. That also should be James Murphy.

COMMISSIONER ROTHENBERG: So essentially they only get paid on how many opportunities they have?

MR. HERREN: Right.

PRESIDENT RUDDEN: Since there are no objections --

COMMISSIONER GOLDMAN: No, I have a couple of questions on No. 9821, Universal City Studios. They're paying us $100 a day for open storage space at Pier 5, and I understand they're making a movie?

COMMISSIONER ROTHENBERG: Maybe we should inquire as to what they would like the policy to be, and refer to Mr. Goldman on insurance matters.

COMMISSIONER GOLDMAN: My concern on this particular area is that it has been declared unsafe for use, it's not an established working area. Under those circumstances it's dangerous.

PRESIDENT RUDDEN: Well, what would you suggest?

COMMISSIONER GOLDMAN: I just want our liability carrier to be aware.

PRESIDENT RUDDEN: Well suppose you notify our brokers in this instance, and send them a copy of whatever documents we have in addition to the insurance of the movie company.

COMMISSIONER GOLDMAN: I also have one other question because that item on No. 9822, would relate to film making on Port property

MR. VICKERS: Well the second one is not related to film making, it's merely storage of their equipment.

COMMISSIONER GOLDMAN: Well, how did we determine the $100 per day rental?

MR. VICKERS: Well this is what we charge normally when somebody is making a film along the waterfront. When they use our facilities, we charge them what the traffic will bear. I thought $100 a day, $3,000 a month, was pretty good return for the Port for a condemned pier.

COMMISSIONER GOLDMAN: My query is, I think there's somebody on the Port, on the Mayor's staff, whose specialty is, in regard to film making --

MR. VICKERS: That person would like us to give it to him for nothing.

COMMISSIONER GOLDMAN: Well if we're in that kind of financial position, maybe we should make a movie.

PRESIDENT RUDDEN: All right, if there aren't any objections then, that's approved unanimously.

MR. HUNTSMAN: On the consent calendar, Item 5(b), refunds and allowances in the amount of $10,675.02.

PRESIDENT RUDDEN: Are there any objections? If not, it is approved unanimously.

MR. HUNTSMAN: Item 5(c), request approval of a settlement of the damage claim with the Port in the amount of $64.95, request approval.

PRESIDENT RUDDEN: That's approved.

MR. HUNTSMAN: Item 5(d), request approval of appointment of Maurice M. Edward, superintendent of maintenance with the Port Commission, to represent, meet and confer sessions. It's on Port Resolution No. 78-4 including your backup material.

COMMISSIONER ROTHENBERG: Could somebody explain what a meet and confer session is to members of the Commission?

MR. DAVID: We received a letter from the Mayor dated February 22nd, addressed to all the various commissions, and the City negotiator, Employee Relations Division; and it is now involved in meeting and confer sessions with the various unions on contracts for the various City employees in a described field and they requested that each department send a representative to sit in on the sessions which pertain to their agency's responsibility, and say what the salary, working conditions, and the other things as far as the union negotiations. We are requesting that our maintenance superintendent, Mr. Edwards, be our repre-

sentative, and basically be given authority by the Commission to conclude agreements at the sessions in City Hall.

COMMISSIONER ROTHENBERG: May I ask a question? What do they do in a meet and confer session?

MR. DAVID: I've never been in one, I don't know. I can only assume -- you might refer to Commissioner Bridges. But basically as I understand it they will be discussing working conditions that will be under the memorandum of understanding between the union and the City departments.

PRESIDENT RUDDEN: It seems to me you could meet and confer and look at some of the problems then come back and report to us.

COMMISSIONER MORRISON: As I understand it, either side can request a meeting and confer about the general working conditions, and they are discussed, is that right?

COMMISSIONER BRIDGES: I would think so.

COMMISSIONER ROTHENBERG: Are we empowering Mr. Edwards to negotiate union contract with us or just to have these grievance sessions, or what?

MR. DAVID: I think it's terribly important that he participate in this. In the past in the collective bargaining sessions between the City and the various craft and trade unions we have not been represented, and some of their memorandums of understandi have contained conditions that are really not all that workable here within the Port, and I think we are asking him to be there to represent us in terms of working conditions.

PRESIDENT RUDDEN: No, going beyond that, we give him authority to conclude agreements, now are these brought back to us?

MR. DAVID: No, Mr. President, I don't think the Port Commission has authority to conclude these agreements. It would only be his input in these meetings. We don't have the authority to establish wages.

COMMISSIONER ROTHENBERG: Well it says here that we're giving him the authority to establish wages --

MR. TAORMINA: There has been requested by the Mayor's office, basically so that when we meet and confer in the sessions there, the person has the authority to speak for the Commission so that when the agreement is concluded under a course of action the person does not have to come back to the Commission every time and verify his actions.

COMMISSIONER GOLDMAN: Mr. Chairman, I can see a problem in one area.

MR. DAVID: This is the first time it's ever been done.

COMMISSIONER GOLDMAN: There is a problem in the matter of communications in seeing that certain information is properly conveyed to Mr. Edwards because it's perfectly possible that we're going to be seeking help from the private sector to perform some of the functions, when in the past we have hired personnel to perform these functions.

Now Mr. Edwards is going to negotiate contracts, I want to make certain there is a communication, so that he understands what might be done. For example, in this building it might be pretty well shown what might be done, or what could happen to find a better way to handle the janitorial service, and yet if he goes to negotiate with the janitorial union he may be taking another approach, and we could get ourselves into some problems.

MR. TAORMINA: If I may respond to this, the kinds of things that will be referred to me will be what the union would like to call non-economic issues: parking for employees, insurance for workmen's tools, clothing for workmen; issues like that will probably be the kinds of things that would be referred to us, maybe, even different working hour periods, start and stop periods, length of lunch hours, things like that.

These are the kinds of things that I expect to be asked, whether it would be agreeable with the Port to accede to a request to have that included in the memorandum of understanding.

COMMISSIONER ROTHENBERG: Well, if Mr. Taormina is correct, because currently we have no input, and given this we'll have a little input, so we are better off having a little input than none.

MR. DAVID: If you read the Mayor's letter, which is in the backup material, I feel it pretty well explains it.

COMMISSIONER ROTHENBERG: Well maybe the Mayor understood it when he wrote it.

COMMISSIONER BRIDGES: Well, look up the resolution.

COMMISSIONER ROTHENBERG: I move the resolution.

COMMISSIONER BRIDGES: I second it.

PRESIDENT RUDDEN: It is approved unanimously, no objections.

MR. HUNTSMAN: Under unfinished business, item No. 6: Report on status of Northpoint project by Warren Simmons. Mr. Simmons?

(Mr. Simmons erecting chart in the front of the room for the viewing of the Commissioners.)

MR. SIMMONS: Mr. President, and Port Commissioners, I welcome the opportunity to be invited before the Commission to

bring you up to date. You're my partners, you're entitled to know everything that's going on.

There have been many allegations from the newspapers, on the radio, amongst civic groups. I hope to respond to all of those allegations today.

There has been some criticism that you gave me a sweetheart lease. I have an easy lease on Piers 37, 49 and 41. I want to remind everyone that the lease on the Northpoint Pier project is a takeoff on a Gerald Hine lease.

Gerald Hine, from Houston, Texas, negotiated the lease at Pier 45 about a year before our lease was negotiated, and that it is almost an exact copy of the Gerald Hine lease.

Your Port staff made it tougher on us than it is to Gerald Hine. There has been some suggestion in the press that I have undue political influence because of my political contributions.

One of the alternate newspapers reported that I gave contributions to six of the eleven Supervisors.

COMMISSIONER MORRISON: Mr. President, I don't see the relevancy of this kind of presentation. What we want to hear, I think, is how you're going ahead with the project, and wondering if you're conforming, in every way, with the terms of the lease.

MR. SIMMONS: I'm trying to respond to all the statements and allegations, Mr. Morrison. I would like an opportunity to respond to these, and I will lead up to a point that I'm trying to get to.

COMMISSIONER MORRISON: Well, this can go on interminably if you bring up every comment that's been made in the newspaper in the last few months, and use this as an arena to make your

answers.

MR. SIMMONS: Because you're my partners, I thought you might like to hear the answers.

PRESIDENT RUDDEN: Can't you summarize this as it pertains to the ongoing construction of the problems that we find, rather than the --

MR. SIMMONS: I admit that I have made some substantial contributions over the past 15 or 20 years, and I plan to continue doing it.

COMMISSIONER BRIDGES: And your point, Mr. Simmons, is that there are certain public allegations from the media that you've got some kind of undercover deal with us? Is that it?

MR. SIMMONS: There has been some suggestion that I have undue influence with various Supervisors, and the Mayor's office.

I have none, any time I have supported anyone for appointment to a Board, it's been the kiss of death, they've never been appointed.

COMMISSIONER BRIDGES: Do you have any undercover deals with me?

MR. SIMMONS: I don't have any undercover deals with you, Mr. Bridges.

COMMISSIONER GOLDMAN: Mr. President, I think, maybe we can get moving forward if we establish the fact that we are the landlords, and you are the tenant, we are not partners, so don't feel you have an obligation to tell us all about things that you would relate to your direct partners, and maybe we can move forward.

MR. SIMMONS: Okay. On some of our leases, are you interested in hearing about this, that we might have done some improper things

on leases? Would you like me to review them one by one?

COMMISSIONER BRIDGES: That was a ruling by the City Attorney, as I understand it?

PRESIDENT RUDDEN: I don't think so. I think what we are really concerned with at the moment is your progress, and what problems you have that we should be discussing. Other than that, we haven't criticized, I don't believe, your progress with the City ATtorney. I think you should handle it as it approaches.

COMMISSIONER ROTHENBERG: What's new, Warren?

MR. SIMMONS: We don't have any sweetheart leases with anybody. We have tough, tough leases. We have an ex-Port Commissioner who has invested in one of the projects. We negotiated with an ex-Port Director, we'd love to have him in the project, we're afraid he's not going to be in the project. We have an ex-Supervisor, who is in the project. We had a current Supervisor, who had to drop out of the project, and we discontinued negotiations with one of your secretaries so there wouldn't be any conflict of interest. An ex-commercial consultant of yours --

COMMISSIONER GOLDMAN: Don't talk about titles, name names.

MR. SIMMONS: I'll skip it. We have tried to be responsive to the neighborhood groups through the years. We started on our project, initially, this is our first plan. This is phase one. Everyone criticizes us, "You'll never finish it, Warren, you just want a Tia Maria Restaurant out there."

So we went to phase two, we abandoned phase one, we're going to develop this.

Through over 250 civic meetings, Park Commission, Planning Commission, Art Commission, and BCDC, we revised that plan greatly.

We think we have been responsive to the neighborhood groups.

But let me tell you what the plan is doing for San Francisco, what it's doing for the citizens, and what it's doing for the poor, what it's doing for the minorities.

COMMISSIONER MORRISON: Mr. President, I don't think we're really getting anywhere here. As I understood it, the Commission was aware of controversy in the community over the project, and aware that numbers of community groups had object to some of the things that Mr. Simmons is doing, on the grounds that those things were in volation of the lease. Now Mr. Simmons is not talking about any specific thing here.

It might be a good idea if we were to ask for public testimony so that we can get an idea of what points the community has raised against the project, and then allow Mr. Simmons to respond to specific criticism. Otherwise, we're just getting a public relations review of the project.

COMMISSIONER BRIDGES: Well, I go along with that. I think it's a good idea that there be some public airing of the overall complaints against the project because indirectly, it relates on the Commission.

I could ask questions all the time. I'd like a public hearing where everybody that comes in and wants to block or destroy this development, gets a chance to put it on the record so we can answer questions and listen to them. I think that we're getting a pretty bad name the way it is going here, and there are too many developers watching this project, and a way is to stay away. "These problems are worldwide now, we want to keep out of trouble, stay away from that Port."

COMMISSIONER GOLDMAN: Mr. Chairman, I don't think it is necessary that we have any more public hearings. There's been enough hearings, and there are enough institutions. I think it's important for us to know what problems exist, specifically in relation to the Port.

For example, it's been alleged that you have failed to observe the height limits. There has been concern expressed by the Art Commission about the size and parameters of the parking areas. You have a problem with storage. We want to approach it through these areas.

I think Mr. Bridges is making too much of things that are not too pertinent to our areas of concern. We should speak directly to that area that relates to the Port.

MR. SIMMONS: All right, we'll skip all the allegations, but the point is, I never get an opportunity to respond to the allegations in any of these meetings.

COMMISSIONER MORRISON: Mr. President, may I interrupt for a moment to ask our staff, do we have anyone who is watching over the progress of this project, seeing, day by day whether it's in conformity to our lease agreement?

MR. DAVID: In terms of the project, Mr. Wicker watches it on a day to day basis.

COMMISSIONER MORRISON: Well don't we have a responsibility to see that the terms of the lease are strictly lived up to on a day to day basis?

MR. DAVID: Yes, sir.

COMMISSIONER MORRISON: You feel we're doing that?

MR. SIMMONS: Yes, sir.

COMMISSIONER ROTHENBERG: Mr. President, since Commissioner Morrison is asking all these questions I believe that we should give Mr. Simmons the same courtesy to respond to our questions of what's happening to our turf.

PRESIDENT RUDDEN: We really want to get to, if you could summarize all the nice things, and simply tell us what the problems are, where we can be of some assistance.

MR. SIMMONS: Well, skip all the nice things. Here's the status of the project, we're underway, the buildings are going up, the pier has been completely finished, we're putting in the breakwater, we're working on the garage.

The problems we're having: You're all familiar with Seawall 311, where the garage is going. Right here is the Eagle Cafe. There is a roadway going through a section of it, about a third of it right here, (referring to a model of development of the San Francisco Port.)

We have all the permits from the Planning Commission, the Art Commission, and BCDC to move the Eagle Cafe onto our project. Yet we ran into a real problem with the Landmarks Advisory Board. The Landmarks Advisory Board said that's eligible for a landmark designation, and they're trying very hard to stop our moving it.

Fortunately, the City Attorney ruled that we could go ahead and move it. "You've got all the permits, go ahead and move it." Unfortunately, the Federal Government does not agree with the City Attorney yet, and I want to point out the Landmarks Advisory Board was before you in 1973. I'm referring to your Minutes, "June 27, 1973," when the owner of the cafe, Dan Andriotti, asked me to nave it made a historical landmark.

The president of the Landmark Board at that time said, "The building housing the cafe has no architectural or historical merits." Yet today he's declaring that it does have architectural and historical merit. It's a problem. The Eagle Cafe is closing this Saturday, we hope to move it next week, unless the Federal Government stops us, which they might do.

COMMISSIONER GOLDMAN: Well, what can we do?

MR. SIMMONS: We've all done everything we can, and the Mayor's office is working very hard on it.

COMMISSIONER BRIDGES: Well let me say a word here, of course I went down there, and after all I've known the place for a long time. The problem is simple, but I find it tough to handle. He wants to stay in business right where he is, it's that simple.

MR. SIMMONS: No, he wants to move it, Harry, he wants to move with us, absolutely.

COMMISSIONER BRIDGES: He's changed his mind then, the question's answered.

MR. SIMMONS: No, no, Dan Andriotti absolutely wants to move. He is the Eagle Cafe. The building has absolutely no value, except for the Andriotti family. They've been there for 50 years.

COMMISSIONER BRIDGES: Then that settles the question I wanted to ask.

MR. SIMMONS: The increases in cost due to these overlapping jurisdictions, change in plans conforming to various Codes, meeting various commissions' desires,

We've had a cost overrun already of $2.4 million. Of the 2.4 million, 1.3 million is attributed to the overlapping jurisdictions, the overtime we've had to put in, the stop work order;

we have spent 1.3 million. We still have enough money to finish the project. We anticipate more overruns, we will complete the project. It's critical we comlete it October 4th. We have about 80 percent of our space leased. The tenants are small tenants, there are no national chains, they are all local San Franciscans or from northern California, they're ordering their inventory and they're ordering their equipment. We'll make our opening October 4th, as long as we get our permits from the B.B.I., the Bureau of Building Inspection.

COMMISSIONER BRIDGES: Mr. Simmons, break that 1.3 million down for me now. This is an extra 1.3 million more than you figured on when you started the project.

MR. SIMMONS: 2,418,000 more than we figured on, and of that 1,328,000 is due to governmental agencies making us make various changes.

COMMISSIONER BRIDGES: Federal, state, city, or what?

MR. SIMMONS: State and city.

COMMISSIONER BRIDGES: Mostly state and city, just city, and these delays and so forth makes up the 1.2 million?

MR. SIMMONS: 1.3 million.

COMMISSIONER BRIDGES: Okay.

MR. SIMMONS: The permit status, on Monday we got through the Art Commission, phase two on the entire project, and a lot of it phase three.

COMMISSIONER BRIDGES: Is that that 1.2 that went up over the 40-foot windows, or an additional thing?

MR. SIMMONS: No, we confirmed the 40-foot ceiling everywhere, Harry.

COMMISSIONER BRIDGES: And what was the Art Commission's pique, that's what I want to know?

MR. SIMMONS: No, the Art Commission wanted jurisdiction. Previously, Harold Zellerbach was president of the Art Commission, and they had the right always under the 1932 Charter, and now they're going to do what the Charter tells them to do. It does mandate that they do this.

Harry, when I started in with the Art Commission, I was bitter, I really was. I sat through 11 sessions with these architects on the Art Commissions, from two to five hours in the last three months, and they don't get paid, but they strongly believe in what they're doing. And they contributed to the project, they changed it drastically, it's not my design anymore. It's a concensus design between the Art Commission, the Planning Commission, and BCDC.

And this is a beautiful park we now have, I understand it's going to be a famous park, with concensus design between the three commissions, and that's the problem we find ourselves in now. We now have to go back to BCDC, and get them to agree to these changes. We now have to go back to the Planning Commission, and get them to accept this or modify the plan again.

I was before the Planning Commission last Thursday for three hours. They object to this park design. They wanted more park area. BCDC now claims we don't have a right to build this service building. The service building is critical to the operation of the project.

After 11:30 we can't have any trucks out on the pier. We have 22 residents, 110 shopts out there, we have to take delivery

somewhere. This is where we're always going to have deliveries made, to the service building. We feel that we've always had the right, this is the original plan, August 26, 1976, with the service building clearly labeled. It was 27,000 square feet when we first started. They had objections to the sizes, so we kept cutting down, here it's down to 20,000 square feet, a thin, narrow one, yet it blocked the Kearny Street New Corridor. It blocked the Kearny Street New Corridor on this one too, a conflict of the commissions' street use.

On this plan, I'm getting into some problems now, we designed and serviced one to look like this, a thin, narrow building, we thought that would be the least objectionable. We even used recycled building material. Here's a lot of space we did on a service building of various sizes, smaller, smaller, smaller, smaller; at a great deal of increased cost. We're up to three flights now, (referring to the model of the new Port area.)

Here's one that was approved by the Art Commission. It looks just like the facade on Pier 35. Here's the building. Can we add on? Here's the service yard where the trucks come in and unload. We accept delivery here for three floors. All right, BCDC is now objecting to this, we have to go back to a public hearing. They say it wasn't in the original plans, I don't have their letter specifying why they feel that way.

They were never aware of this, the leading objectors to our plan was on the citizens committee, and right here is the service building shown and labeled as such.

COMMISSIONER BRIDGES: Is that the northeast waterfront plan?

MR. SIMMONS: Yes, sir.

COMMISSIONER MORRISON: Mr. Simmons, that's not your plan, it doesn't purport to be?

MR. SIMMONS: No, we weren't hiding it from anyone. We always had the service building right here. So there was no attempt at deception.

Last week I got a phone call from Kay Kerr. Kay Kerr is not on the BCDC. She's very active in Save the Bay, she's very active on Save the Bay. I'd like to read her letter, it's just a very brief letter.

"Dear Warren, at the last design review Board meeting of BCDC, we learned of the size and location of the maintenance building, how sad. Hope you will move it. A Warren's wall should not spoil the quality of the project."

Since that meeting, I've heard from BCDC, and Charlie Roberts did tell me we're going to have to go before him for public hearing. There's some danger, they're not going to grant this permission for the service building.

We have a solution, here is our site plan now, we feel the service area is necessary. It looks like a small park. There is a lot of grass. The Planning Commission would like more grass. BCDC doesn't want the service building. Subject to your approval, and the Bankruptcy Court, and PFEL's concurrence, we propose moving the service building into Pier 35; 15,000 square feet. We have a very small service yard. If they would allow us to do that, we would change the site plan from the way it is looking now, to that. It would answer the request of the Planning Commission that there be more grass, and we'd have a very limited service yard,

as far as service goes, and the service building would be inside of here.

COMMISSIONER GOLDMAN: I have a question, has this been submitted to the staff prior to now, and does the staff have any kind of recommendation?

MR. DAVID: Yes, sir, Mr. Simmons came to me this week with a proposal for the use of Pier 35, a portion of Pier 35 approximately 15,000 square feet. I informed him that under the Chapter 11 bankruptcy of PFEL, that we're powerless to cancel the license of PFEL to use Pier 35. The only thing that could be done is if PFEL, voluntarily, would go to the Bankruptcy Court, and ask that they be relieved of that license.

COMMISSIONER GOLDMAN: That's a technical question, a technical answer, I want a practical answer. What is the prudency of allocating the 15,000 square feet within Pier 35 to the Northpoint Pier for storage, and how does that relate to the ultimate refurbishing and development of Pier 35, if such is to be pursued for passenger service? Has that subject been documented?

MR. DAVID: No, sir, we've only related to the 15,000 square feet, in terms of would this be any obstruction in terms of the utilization of Pier 35 as a passenger terimanl.

COMMISSIONER GOLDMAN: Yes.

MR. DAVID: In terms of its future development.

COMMISSIONER GOLDMAN: How about its continuing use or future use as a passenger terminal? Does the staff feel that in making this concession, Mr. Simmons, that it will not in any way affect the use of Pier 35 for passenger service?

MR. DAVID: I can't answer that at this point in time. The problem really was the cancellation of the license of Pacific Far East Lines. The next step would be to discuss this matter with the operator, if you will, of Pier 35.

COMMISSIONER MORRISON: Mr. President, we all know, I think, that there have been numerous proposals for the use of Pier 35, both as a passenger terminal, and as an entirely different kind of development. I think we ought to approach this issue very carefully. It might be the thin edge of the wedge that destroy Pier 35 as a maritime facility.

MR. SIMMONS: Commissioners, we are aware of your concern about not wanting to commit something that will forego a major development on Pier 35. We'd be willing to agree with you to get out of it on an 18-month notice if we go back to our original plan.

MR. DAVID: Mr. Simmons has given us a proposal for the use of Pier 35, because of the PFEL problem, we really haven't analyzed that proposal. They did tell me on a first review that they've had some problems with it, but we've made no commitment to Mr. Simmons on this issue at all, other than -- yes?

COMMISSIONER BRIDGES: But the point is that if you can put it through despite the bankruptcy proceedings of the PFEL the space is occupied there at Pier 35; will that interfere with the operation of Pier 35 along some of the lines like continuation of the passenger terminal? Will it get in the way, we don't know yet.

COMMISSIONER ROTHENBERG: Well I thought, what you're saying, is that it wouldn't interfere with the current use, it

wouldn't interfere with it as a passenger terminal?

MR. DAVID: Yes, sir, that's all we're saying at this point.

COMMISSIONER ROTHENBERG: Okay, and the real question that Jack and Dick are asking, is does it limit our operations in the future? And Mr. Simmons would be willing to move in the future on some reasonable notice. The question is, whether when we gave him notice, he would say, "We can't move that service building

So I think that our staff should consider what their perspective is on this issue. They should talk to the Planning Commission, talk to the Art Commission, or BCDC, then come back to us in two weeks with some insight as opposed to us just fishing in the dark; you or Mr. Simmons.

COMMISSIONER GOLDMAN: I'm not too concerned, if we can get our facts clearly in mind from looking at the diagram, you're looking at 15,000 square feet in the area of, or what, 200,000 -- so it's really less than one and a half percent of the total amount. At the present time, that space is really not being utilized efficiently, so I'm not concerned about the immediacy of it, because I can see that as a practical matter if that pier is to be developed with the usage relating to the passenger service. So will this 15,000 feet be an impediment to the usage of the pier. And I think we ought to direct ourselves to the specifics of it, and come up with a solution.

COMMISSIONER MORRISON: Mr. Simmons, before this proposal ever came up, you have informally made proposals for using the Pier 35 in its entirety, haven't you?

MR. SIMMONS: Mr. Morrison, I have no interest in developing the San Francisco waterfront for the rest of my life after what

I've been through.

COMMISSIONER MORRISON: Well that doesn't answer my question.

MR. SIMMONS: Well, I had illusions in the past of seeing my proposal go through, but now, after what I've been through, I will never make another proposal.

PRESIDENT RUDDEN: Warren, getting back to this issue, if you had to relinquish this, where would you go?

MR. SIMMONS: We'd have to go back to here. This is why we went through with this Art Commission approval yesterday, we went through the Art Commission and the Planning Commission, and we got approvals. We don't have the BCDC Planning Commission approval, we have to go back to this location. It won't operate the project without the operational service building.

PRESIDENT RUDDEN: But from our standpoint, if we let you have the use, temporary use of 15,000 square feet --

MR. SIMMONS: We would like it at least to run with our lease with you having the right to cancel on some 18-months' notice.

COMMISSIONER GOLDMAN: I think we should also bear in mind, Mr. President, that while you're occupying that space, we're getting some income from that space which we're really not getting at the present time. There must be a trade-off then that can work to your betterment by not having to remove a facility, and by the same token --

COMMISSIONER ROTHENBERG: Well don't you need BCDC approval in case that comes about?

MR. SIMMONS: Yes, we have to go back and get BCDC approval contingent upon, "our being tossed out, would you let us come

back and do this." Yes, we will.

COMMISSIONER ROTHENBERG: Will this require a public hearing?

MR. SIMMONS: Yes it will.

COMMISSIONER ROTHENBERG: So you're going to have to go through that --

MR. SIMMONS: Yes we will, yes, we are going to have to go through that gauntlet anyway, but I think it's going to be a lot easier if we can say, "We can use this until Pier 35 is completed or until the Port slides into the water."

COMMISSIONER GOLDMAN: So assuming, Mr. President, that that particular space that Mr. Simmons is taking is not being utilized for any particular purpose at the moment, and the staff will at the next meeting advise us what the present use is, in the alternative, and some idea of what kind of rental can be expected from Mr. Simmons, I think we should try to expedite this item on this basis. I think there's a practical solution.

PRESIDENT RUDDEN: I agree with you.

COMMISSIONER MORRISON: Mr. President, I don't agree at all with the statement that he just made, and I think this needs a thorough-going staff investigation, and then a report be made before we take any action.

PRESIDENT RUDDEN: Well, it seems to me that we agree that it has to get an approval.

MR. DAVID: Yes.

PRESIDENT RUDDEN: It has to go before the Bankruptcy Court, is that correct, Bill?

MR. LYNCH: First of all, the license that PFEL has is a

non-exclusive license. So the first thing to consider is whether the use of the premises would interfere with the license we granted PFEL. If it would not interfere with the use of the premises by PFEL, then we should be able to do it without going to the Bankruptcy Court.

If it does interfere with the use of the premises by PFEL and it means cancelling PFEL, then everything is out of the jurisdiction of the Bankruptcy Court.

PRESIDENT RUDDEN: Well I think everything should be put in the hands of the staff to resolve all these questions, and then in the meantime someone has to clear up this BCDC --

MR. DAVID: Mr. President, the staff is moving forward regardless of the Simmons project, and attempting to negotiate the PFEL off of that license at Pier 35, which is in our best interest, so we are moving in that direction.

COMMISSIONER GOLDMAN: Mr. President, the only concern I have is that we are talking about a project that is almost a third built?

MR. SIMMONS: Closer to half.

COMMISSIONER GOLDMAN: Okay, it's about a $5 million project with $10 million already invested in it. At that juncture, forgetting the past, and some of the other things that are being brought forward, it seems to me that we have an obligation, for the benefit of the community, as well as the above, to get this thing done, and done in the most practical manner we can. I can sympathize with many of these problems that Mr. Simmons is faced with, and if this is an area where we can help relieve some of the tension to get the job done, it certainly is going

to be an accomplishment in due course, that is perfectly proper for this Commission; so I agree that it should be presented to the staff. I'm not too concerned about the bankruptcy aspect of it, because somehow or other that space is available to be used regardless of the bankruptcy situation, and this doesn't seem to be one of the critical problems.

The sooner we can get a response, the better, is all I'm saying.

COMMISSIONER MORRISON: Are you finished?

COMMISSIONER GOLDMAN: No, I'm addressing my questions to Mr. Simmons.

COMMISSIONER MORRISON: If so, I would suggest we hear from the community, those who have criticisms of the project. I don't know what grounds they have for their criticism, but I do notice that several people from Telegraph Hill are here today. I'd like to hear from them.

PRESIDENT RUDDEN: Mr. Simmons, are you finished?

MR. SIMMONS: I am, the only thing I urge you to do is to support Diane Feinstein's Charter amendment that you eliminate having overlapping jurisdictions. Either the Planning Commission should have charge, or the Art Commission. Not two commissions doing exactly the same thing.

COMMISSIONER ROTHENBERG: Could you just tell me, out of my ignorance, what the current status is as of this morning on the garage and the bridge?

MR. SIMMONS: We have phase three approval from the Art Commission, we can go ahead and build those.

COMMISSIONER ROTHENBERG: And are there any continuing

jurisdictions that have not signed off on those two items?

MR. SIMMONS: The Planning Commission, the Planning Commission reserves the right to have final approval on all the plans, and we've agreed they have that right.

MR. LYNCH: The Planning Department has to sign the building permit. They've signed nothing on the bridge, and for the garage, they've signed the site permit, and have asked to see the final permit.

MR. SIMMONS: I don't think there is any problem getting the Planning Commission to approve the bridge. The City Attorney already ruled that they'd give us permission, the only thing is is the design now.

COMMISSIONER GOLDMAN: Mr. Chairman, the only reason, I presume you're talking less today is in regard, basically, to the storage facilities.

MR. SIMMONS: Mr. Goldman, I'm trying to get rid of the opposition from Telegraph Hill, and the Planning Commission. They want more grass, they don't want the service building, that's why I'm here.

COMMISSIONER GOLDMAN: Well, it's a critical issue for us to consider, that's the storage?

MR. SIMMONS: That's absolutely true. That's where you can help me, if you want to help.

COMMISSIONER BRIDGES: Mr. Simmons, you said a while ago, you had to have the service building to make the whole project a success; and whether it's located at PFEL or Pier 35, whether you're planning it there or somewhere else, you just must have it. Otherwise the whole project goes down the drain.

MR. SIMMONS: It has to be in the immediate area, because when the truck comes up to Pier 39 and they won't let them on 'til 11:30, they're not gonna drive down the Bayshore Freeway to deliver it.

COMMISSIONER BRIDGES: Well, this is something you just must have to make this program go ahead?

MR. SIMMONS: Right.

COMMISSIONER BRIDGES: Now, you agree with us because if you get that space, and it gets in the way of a future development at Pier 35, you'd have to get out of there, you'd agree to that too, because that comes first. You'd get out of there in a few months.

MR. SIMMONS: We'd get out of there in a few months.

COMMISSIONER BRIDGES: Then you have to go back and try and find another spot where --

MR. SIMMONS: Harry, no, sir, we will have the permit. Our bank won't let us go along. We have to get these permits. We have the ARt Commission permit, we have the Planning Commission permit, but we have to go back to BCDC. That's exactly what we're doing over at Pier 35. We have to be able to come back here.

COMMISSIONER BRIDGES: That's fine, that's why I'm asking you the questions, and the bank's well aware of it, and you just told us.

MR. SIMMONS: The bank is not aware of it, of the alternate.

COMMISSIONER ROTHENBERG: Harry, this reduces the cost of the project rather than increasing it because Warren doesn't have to build a whole new building. He has some economies

he's able to use the existing shell.

COMMISSIONER BRIDGES: I'm trying to get things cleared away, so the project can go ahead, and go ahead despite some of these objections. I think there are just too many people in the field here, they're coming out and saying, "We'd be better off not to have a project at all."

We're still working on getting this project off the dime. We chased you out of Fisherman's Wharf, I took the lead in throwing you out of there, and a few other places. It's a bad time, and we got some bad people around here. It's about time you got some fair treatment here.

COMMISSIONER GOLDMAN: Let me ask you a practical question, is this whole facility, as I understand it, is to collect merchandise that is delivered after 11:00 o'clock? Merchandise that is delivered early in the morning, or is it delivered at night or during the following day? And some of it will be held for two or three days?

How would you move the merchandise from the facility to the restaurants and shops?

MR. SIMMONS: The restaurants probably have pickup trucks right around the perimeter. We will have three vehicles, turn of the century type of automobiles with truck beds hauling it out after 11:30.

COMMISSIONER GOLDMAN: The point is, with temporary storage for the most part --

MR. SIMMONS: That's correct.

COMMISSIONER GOLDMAN: A question then. Why is it only possible, then, if in due course the pier is not available,

it has to be immediately adjacent. Why can't it be somewhere in the immediate area?

MR. SIMMONS: We tried to design it in here, it wouldn't fit. We worked on it. We spent a lot of time, we asked the Telegraph Hill architects to come up with a plan to move it there, they didn't like it there.

COMMISSIONER GOLDMAN: But you made some comment, you wouldn't like to have it down as far as the waterfront. Is there any other space?

MR. SIMMONS: There's no other space anywhere where we can put it.

COMMISSIONER GOLDMAN: Okay.

COMMISSIONER BRIDGES: One more question, Mr. Simmons, if it's agreeable with you now, can some of these various groups that have objections to what you're doing; can we ask them to come to the next meeting so we can hear their objections?

MR. SIMMONS: Oh absolutely, they'll be here.

COMMISSIONER MORRISON: Mr. Chairman, I'd like to hear from them this morning instead of the next meeting.

PRESIDENT RUDDEN: Who's here? Who would like to speak?

MR. HUNTSMAN: Can we have your full name, please, and what is your organization?

MR. KATZ: My name is Robert Katz, and I speak for the Telegraph Hill Dweller's Association. And I'm also speaking for the Northeast Waterfront Advisory Committee, for the redevelopment of the Port, and planning, right now in the area of the Ferry Building. I was a member of the BCDC Advisory Committee.

I have not come here to argue with Warren Simmons. I regret the position I'm in. I have no grudge against Warren Simmons, if he has one against me, I'm sorry.

I don't mean to harm anybody. I don't want to take the Commission's time in explaining or arguing a point of view, therefore, I have brought you a letter that was written by the President of our organization, Miss Halstead, that explains our position. I'm not asking you to read it now, I'd just like you to read it at your lesiure in order to clear up some of the misunderstanding. May I ask you to pass that around.

I would like to deny formally, and as forcefully as I can, the allegation that we are opposed to the project. For the record yes, we did originally propose that the project go forward in the Ferry Building area. We did not think it should go next to Fisherman's Wharf. There is too much congestion there.

However, when it was approved by the Planning Commission, we stopped all opposition and what we decided was, we lost that battle, that project must go ahead. And the reason we felt the project must go ahead, is that nothing worse could happen to our neighborhood than to have a bankrupt project.

So we are not opposed. We want it to be a success.

Now all the complaints about these figures that are being thrown around, like $1.3 million, are totally unsubstantiated figures, at least so far, which is due to delays. I don't know what the cost overruns are. I know that everything has cost overruns. I have remodeled my house, and I have cost overruns.

The Art Commission review was not only mandated by the Charter, it was written into page 1 of Mr. Simmons' permit, and if he did

not read page 1 of his own permit, then that would surprise me very much. And to say now that these reviews have cost him $1.3 millions is something that I cannot understand, and will not try to understand.

He knew that these reviews were due. The fact that he delayed them is his problem, not the Commission's problem.

I think that the Art Commission, as Mr. Simmons has pointed out, has worked very hard. They're people of great, great, professional standing. And I sympathize, I really do. It's not just something I say with any development that has to deal with that many agencies.

But that is the same for everybody, we all have added a playroom to our house, or added a garage to our house, or something. We know what's involved in remodeling for the ordinary citizen, and I don't think any ordinary developer should claim he shouldn't have to go through this. When you start a project of this magnitude, that's what you have to expect.

As far as the objections are concerned, you will find them listed in this letter which I handed out, and I would appreciate if you would pass it around and read it at your leisure. I would like to confine my remarks today solely to this hangup of the project, because I do agree with the Commissioner Bridges, I agree with Commissioner Goldman and everybody else, that delay is not what we are after. But I would like also to point out that never in the history of San Francisco, have I seen a project go forward as rapidly, as incredibly, as efficiently , as Mr. Simmons has been able to do.

He broke ground in August of last year, and now look

where he is. Have you ever seen a project progress that fast. And I just don't understand the tears about delays.

The only delay that occurred, the only one, and it was not reported properly in the press. The Examiner, The Chronicle hadn't hardly reported any of this, so the public is totally ignorant of what's happened. The only delay was the garage, because the developer did not approval from the Art Commissioner, and that was a delay, I believe, of two weeks. The garage ground had been leveled, had been worked on; the delay of two weeks in the garage -- I do not see how any place that could cost $1.3 million. And I think this Commission would be well-advised to ask for a break-down in figures.

Now about the maintenance bill; this is a considerable concern, and I'd like to point out that I worked for 10 years in various capacities on the waterfront from Hunter's Point, to the Hyde Street Piers. It is not a provincial issue. It is an attempt, we have worked with Fisherman's Wharf, we have worked for the revitalization of Fisherman's Wharf, and this is why I brought this here with me, we have worked out with the unions, with the Stewards' Union, a proposal, a contract for saving Pier 35, which I will show you in a second. We are concerned with the waterfront now in this area. We are trying to find a solution; A, to revitalize Fisherman's Wharf, that would preserve whatever maritime activity remains there on the waterfront, and if possible, enhance it. And then after that is done, as Commissioner Bridges once put it, which belongs to all the people, make it accessible to all the people, with development and open space alternating.

And this park is one of the things that we think will help to do that, but we had differences on design, but I'm not going to bother you with that.

This building here is a problem, and I would like to be as constructive as I can. It came as a surprise to me, so if you will bear with me. I had planned to show you the plans that we had submitted to earlier committees for approval, and these plans were an attempt to keep the shipping in San Francisco. We are aware that shipping is not too lucrative in the terms of what the Port takes in, but I believe in '76, '77, we still got about $150,000 out of that pier.

That was before the PFEL stopped paying the rent, and so we asked an architect to donate his services to work out a concept base on figures given to us by the Steward's Union.

But what was needed to operate a pier like this? He came forth with an answer, and I don't know whether there is any way of putting this up, that even two cruise ships would not even need the entire shed that exists now, and that it would be cheaper to pull down the shed, and to build the shed half the size, using the rest of the pier as a landscape park. Because, you know, when a cruise ship comes in, it's very very difficult, there is great, great congestion then. And this half a shell, half a shed, would then accommodate downstairs refrigeration, and storage for service of the ships, and upstairs customs, and I think 30 or 40,000 square feet of commercial space that would bring income to the Port.

Now this was the concept, and it was never approved or disapproved by the Port, because plans kept shifting.

It is recognized in the BCDC plan as the location for passenger ships, and I would like to show you now what the problem would be in relocating the maintenance area. You see here two ships --

COMMISSIONER GOLDMAN: Excuse me, Mr. Katz, you're assuming that the shed will be torn down in assuming that the shed will be torn down in assuming this, is that correct?

MR. KATZ: In presenting this, I'd say this is one of the possible concepts.

COMMISSIONER ROTHENBERG: Mr. Katz, do you realize that when the shed gets torn down the pier has to get torn down too, because it's the pier that's the problem.

MR. KATZ: May I talk to that? That's a misconception.

COMMISSIONER ROTHENBERG: Well our chief engineer tells us that the pier's in very poor shape. We intend to defer to him in such matters.

MR. KATZ: May I defer to that then. I talked to Mr. Vickers about that. Pier 35, according to data from the court, I perceive it like everybody else, is concrete pilings, and concrete platform.

It needs about, I don't know, a million, a million and a half to preserve it from falling into the Bay. And our concern has been, I'm sorry to bring that up now, but if that is the request -- my concern was, that the last maritime pier in that area, should be preserved from falling into the Bay, and then having to move the whole thing to Pier 45, or Pier 1, or Pier 3, or wherever you go; when for a million, or a million and a half of maintenance work, the platform and the pilings could

be perfectly well preserved.

There is an animal, whose name escapes me, it's a little creature who nods at things, and that's a natural danger to Pier 35. But never has any engineering firm really investigated what the status is.

What I'm very much concerned with is that this whole question of Pier 35 be settled within a year or so, because the danger is really that the pier will deteriorate so badly, you see. So you see what I'm saying, if the pier can be saved, the pier that has brought in $150,000 in rent for the Port -- let's save it while there's still time. It will fall into the Bay, with or without Mr. Simmons.

COMMISSIONER ROTHENBERG: Well I think this discussion should probably be put over for two weeks.

COMMISSIONER GOLDMAN: Well Mr. Chairman, I think the problem with this presentation is we're talking about something which really isn't of immediate subject, Bob.

MR. KATZ: Yes.

COMMISSIONER GOLDMAN: My question is simply this, he's got to have a maintenance facility. He suggested using a portion of PIer 35 as it exists, we're not talking about tearing down and rebuilding Pier 35 today. My query is very simple. Do you object to him using it on an 18-months cancellation?

MR. KATZ: Let me give you a clear answer, I object to this surprise springing of questions without investigating very much.

COMMISSIONER GOLDMAN: But we have already said the staff

is going to investigate them.

MR. KATZ: So I would then the proper thing is to investigate. I wanted to help by giving the proper background. If you would give away 15,000, or whatever feet in that area.

PRESIDENT RUDDEN: But, Mr. Katz, if we do this at any time, he could be forced to move out. So I don't see how this would affect the development of Pier 35.

MR. KATZ: Let me reply to that. So the solution would be then let's give it to Mr. Simmons on a temporary basis. I don't think that you can possibly, ever get somebody out of there once you let them move in there. It would be a terrific hardship to relocate. In fact, move where?

In fact, 40, 50 years from now, use that pier for remodeling, and there's no space left on the Embarcadero, you'd still have to go to BCDC anyway.

COMMISSIONER GOLDMAN: You're projecting something here, time will take care of all sorts of problems. My question is, what do you envision it's going to cost to repair, say, the 15,000 feet within that pier for so-called, temporary use? I'm just curious, you're talking about not moving out of it, what are you investing in that pier?

COMMISSIONER ROTHENBERG: You'd have to make cuts in that facade for loading and unloading.

MR. SIMMONS: You'd probably have to fill in one of the tracks on the side, probably under a hundred thousand dollars, I'd estimate.

COMMISSIONER GOLDMAN: Well I'm trying to put it in perspective, though. You know, Bob, the fact is if you have a

going facility of some $30 million right on the pier, and another facility has to be found, it may well be, 10 years down the road, BCDC may object then to building anywhere else.

But I'm sure that somewhere within a general area a facility will be found to store --

MR. KATZ: Where?

COMMISSIONER GOLDMAN: It's a question of distance, maybe it will be a little less than desired by the developer.

PRESIDENT RUDDEN: May I interrupt, I think Warren Simmons can answer that question.

COMMISSIONER GOLDMAN: All I'm suggesting is that it will be somewhere less attractive to you, but you have to have a facility.

MR. SIMMONS: We will accept being terminated in 18 months. It's our responsibility to get the permits so we can move somewhere, but I'm going to be fighting for permits right now from BCDC, we have the rest of it.

COMMISSIONER GOLDMAN: That's not our problem.

MR. SIMMONS: And I"m not sure it's ours.

COMMISSIONER MORRISON: Mr. President, I think that a much greater likelihood is being thrown out after he gets in. That's after two or three years, then he would say, "I have made the most of this pier unusable, you might as well terminate the rest of it." That's the likelihood. The great fear that I have --

COMMISSIONER GOLDMAN: We are talking about seven and a half percent, Jack.

COMMISSIONER BRIDGES: At that point in time, that might be the best use for the pier. Your organization, one thing

comes true, your organization favors the idea of Pier 35 being maintained, and giving up the passenger terminal, correct?

MR. KATZ: Plus additional income to the Port.

COMMISSIONER BRIDGES: All over the world you have passenger terminals, and income comes second. Those passenger terminals there lay idle for months, and they'reonly occupied when the ship comes in. So when you're dealing with passenger ships you're not necessarily dealing with income. Your association does favor, along with the Marine Cooks and Stewards, 35 as a passenger terminal to preserve that much of shipping down there, right?

MR. KATZ: Right.

COMMISSIONER BRIDGES: I'm on your side.

COMMISSIONER ROTHENBERG: Well, I think the Commission is going to recommend that we do everything we can to preserve the Pier 35 as a passenger terminal. We've got the staff and the research to do that.

MR. KATZ: You're being very patient. I don't want to keep you.

COMMISSIONER ROTHENBERG: No, I was just going to ask the president if we couldn't deal with 35 at the next meeting. This is sort of unfair. We've let Mr. Katz go about it, and denied Mr. Simmons the opportunity to talk about it, so maybe we should defer the rest of the matter until we have the facts from our staff and then we can compare the judgments.

COMMISSIONER GOLDMAN: I'd like the record to show, Mr. Chairman, that the presentation Mr. Katz has made today has not really formally come before us, and we're not really considering

the tearing down and rebuilding of Pier 35 at this stage of existence, and at such time as we are going to consider it there will be other people interested too, so I think it's relevant to the immediate project to help Mr. Simmons accommodate a service facility. I ask anybody here, if you are developing something, we need the facility, what's all the fuss about.

COMMISSIONER BRIDGES: Well, we asked anybody present here today, that had any objections to the program as being presented by Mr. Simmons to step forward now, and let's hear their objections. That doesn't only go for this part of the project, but for the whole damn project. That's why I say, as long as we're here, and these people are here, and let's hear their objections, if they have any objections to Mr. Simmons' project. Let them step forward and let us hear them. That's why we asked Mr. Katz to give his presentation.

COMMISSIONER MORRISON: I'm not sure I understand the thrust of your argument, you do object to the present location of the maintenance building?

MR. KATZ: We have serious questions about it, but it's been greatly improved, thanks to the Art Commission. But we have a serious question about whether it's legal or not. The solution of Mr. Simmons' office in a way is very pleasing to us where it increases the park, but we think the Port should be very careful not to close up any of its options.

COMMISSIONER GOLDMAN: Then, you don't have any objections to the development of Pier 35?

MR. KATZ: Only if it forecloses options which it made. This is a new thing for me and I have thought about it.

COMMISSIONER GOLDMAN: Well, Simmons has said he would be out of there in 18 months.

MR. KATZ: Well, that I don't believe, not that I don't believe Mr. Simmons' word, but you cannot ask someone with an operation of that magnitude to just get out, as if he had a shoeshine stand. You just can't do that to anybody. I wouldn't do it to Mr. Simmons; I wouldn't do it to anybody.

PRESIDENT RUDDEN: Well, I think if we tell him in advance and we reach that eventuality, he doesn't have any choice.

MR. KATZ: Yes he does, yes he does. In the original document there's mention of space in the garage for a service facility. The garage is enormous. It just wasn't explored.

COMMISSIONER GOLDMAN: Mr. Katz, maybe he'll just end up there anyway, but let's not prejudge that today, we've got to get going.

MR. KATZ: Anyway, you've been very patient.

COMMISSIONER MORRISON: Mr. Katz, what about the elevated overpass on the bridge; what's your position on that?

MR. KATZ: Well, our position is a very difficult one. We recognize that this was approved by the Planning Commission, we have no legal leg to stand on. If you ask us whether we like it, no we don't like it, but we think it's necessary because thousands of people cross the street lanes in front of the Ferry Building, and they have to have access. We don't like the bridge, but we recognize that Mr. Simmons has a perfect legal right to it.

COMMISSIONER MORRISON: Mr. President, I think we ought to ask our lawyer to look into that question. I wonder if he has

anything to say.

MR. LYNCH: We're still checking it out, Mr. Morrison.

PRESIDENT RUDDEN: Does anybody else have any more questions?

MR. KOSIVITZ: My name is Herberg Kosivitz. I have a minor point only that I'd like to bring out, please.

PRESIDENT RUDDEN: Well step up, please.

MR. KOSIVITZ: I'm a resident of Telegraph Hill. I look down on the project, my neighbors and I have been complaining to one another about the fact that from dusk 'til dawn there is an enormously bright light, the brightest one on the northern waterfront that is probably a surveillance of security light, but it has not been shielded in any way.

When we look out we are blinded by this kind of light all night long. Now six or eight months is a long time to put up with it, maybe it is more than temporary. Maybe it's going to be used for unloading, and maybe Mr. Simmons is not aware of it. I'm wondering if he could be asked to baffle it in some way, shield it so it doesn't shine into our eyes.

COMMISSIONER GOLDMAN: Why didn't you ask him about it before you came in here?

MR. KOSIVITZ: Because I'm asking him right now, and I don't see him regularly. I think it's something to consider in the overall situation. If I hadn't heard about this meeting, I probably would have written a letter. But I had a feeling I'd rather do it publicly, anyway, because it involves a lot of people.

COMMISSIONER GOLDMAN: Well I'm sure if Mr. Simmons can correct it, he will do it.

MR. KOSIVITZ: And if he can't, you consider it a matter that isn't worth your time?

COMMISSIONER GOLDMAN: No, no, I didn't say that. We are asking Mr. Simmons to look into it. But I think the reasonable way to approach this would have been to have had the courtesy to approach Mr. Simmons first, and then if no satisfaction was given to come to us. It's really out of order to come to us initially. It's really not fair to him to have this thing brought to our attention in a public way.

MR. KOSIVITZ: I see your point, and I didn't mean to be rude about it. I just wanted to present the problem.

COMMISSIONER ROTHENBERG: Mr. President, since this has been such a heavy and emotional --

PRESIDENT RUDDEN: Did you wish to take five minutes?

COMMISSIONER ROTHENBERG: No, no. I just wanted to take two minutes. I had a fitting memorial created to memorialize this occasion in Mr. Simmons' honor. This is an award, which we're calling the first annual perseverance award of the San Francisco Port Commission. We're presenting it to Warren Simmons for his willingness to endure unending delays in the development of the Northpoint Pier project.

And there was a cartoon which recently appeared in The Chronicle, and it's fairly appropriate to this occasion. It starts out with a bearded bard building an arc, and the man's appealing to the stars, and he's saying, "Yea, I beseech thee, Lord, I striveth to build the arc but the building inspector heapeth hassles upon me." There's a big sign there saying, "Abated."

And then the next chapter says, with a voice coming out of the clouds, with some tablets strangely shaped like the Ten Commandments, coming down also, and a voice is saying, "Take these tablets, and let it be known that I have commanded ye to build." And the bearded bard is reading the tablets, and says, "What is this Lord?" And the Lord responds, "It is called a 'variance'."

So Warren, I thought you would appreciate this.

MR. SIMMONS: The award is greatly appreciated, and if the Planning Commission and the Art Commission will approve, this is one of the graphics that will be immortalized on my living room wall.

COMMISSIONER BRIDGES: I just want to make a motion that the Port Commission send copies of that to the various City commissions, as well as the Board of Supervisors. Maybe they can concur on that action.

MR. VICKERS: Jim, I just have a couple of things for the Minutes, one is that the Port staff and our contractor is hard at work on the relocation of the Embarcadero, and it's on schedule. I just wanted you to know that that work's being done.

MR. SIMMONS: When will we get the cafe out of the way?

PRESIDENT RUDDEN: Let's take a short recess at this time.

(Brief recess taken.)

PRESIDENT RUDDEN: Back on the record.

MR. SMITH: The people who are not opposed to the project, but want to stop the shed from going onto the pier, and this happens meeting after meeting after meeting, and I've been in attendance where Mr. Simmons project has been discussed,

commission after commission, permit after permit. There are always the ones who don't want to stop the project, they just don't want you to start it. After that it's just fine, and I think the project has really been publicized, and Mr. Bridges hit the nail on the head, and San Francisco's getting a reputation that I feel in the future, people come to a banker, and people want to put their money into San Francisco development, they'll probably give them a saliva test.

COMMISSIONER GOLDMAN: Excuse me, sir. I think you made a statement that is not quite correct. I don't think Mr. Katz said he was opposed to moving into the pier. He said he hadn't formulated his opinion.

MR. SMITH: He was not opposed to moving into the pier, he just wants to tear the pier down, so therefore can't be moved into the pier.

COMMISSIONER GOLDMAN: You better talk to another union about that. I think Mr. Simmons has done an outstanding job, and I would hope that the commission, when they clear all the legalities, will go ahead and rent Mr. Simmons the space that he so badly needs. We can finish the project with the men that I represent, the culinary workers and the others who will come in and get their job done and get the economy of the city back on its feet, because the only way we can do it is with people like Warren Simmons. Thank you.

PRESIDENT RUDDEN: Thank you. With reference to Warren Simmons, report so far, I think that we have left that now. The staff will review this in detail and report back at the next meeting, is that correct?

MR. DAVID: That's correct.

Mr. President, I wanted to make it clear that the staff is not recommending at this time that we secure 15,000 square feet of the pier at this time. We'll look into the problems PFEL and come back later, to the next meeting.

PRESIDENT RUDDEN: I think we do want to attempt to move as quickly as possible with this PFEL thing, or anybody else. The staff will come back and work along to solve this as quickly as we can.

MR. DAVID: We'll do that.

COMMISSIONER BRIDGES: Just a minute. Is there anything going over in regard to the next meeting, to Pier 35, or, again, the whole question of the project --

COMMISSIONER GOLDMAN: No, no.

PRESIDENT RUDDEN: I think we are talking about this one thing. I gather we are talking about the service building, the other things, and this is why I asked Mr. Simmons if he would eliminate these other things and get down to what the problem is that faces us at the moment. Is that correct?

COMMISSIONER BRIDGES: One more question: In addition to the -- making the rounds once again to BCDC, the Art Commission, the things has to go around to all the other commissions as to whether the toolshed should be relocated at Pier 39.

COMMISSIONER GOLDMAN: No, no. BCDC is only involved in regards to building a new structure adjacent to Pier 35. As far as utilizing the space within Pier 35, I think it is within the jurisdiction of this commission to determine --

MR. DAVID: BCDC will be involved.

COMMISSIONER ROTHENBERG: Yes. In any case, Mr. Simmons made it clear that he's going to go and get this permission, because he doesn't need it now; he may need it sometime in the future, when we may wish to cast him out.

COMMISSIONER GOLDMAN: I don't understand why BCDC would be involved in allocating some of the spaces --

COMMISSIONER BRIDGES: That's my point.

COMMISSIONER GOLDMAN: Yes, but the use that would be made of it is the same that's being made of it now.

MR. DAVID: No, the changes from maritime to non-maritime.

PRESIDENT RUDDEN: Well, I think this is a legal matter, if we can't really take that; is that correct?

MR. LYNCH: I'd have to look into that, but that's my understanding.

PRESIDENT RUDDEN: Would you look into that, to be sure that we can take an action without them, or --

COMMISSIONER BRIDGES: That's not the point, Jim.

Look, we'll just ask the question at the next meeting, the matter that comes before us again. This question of Simmons' project, the 15,000 feet for the toolshed on Pier 35, we're going to get a recommendation from our staff and make a decision.

What I want to know is: after we make that decision, do we have to start making the rounds of these other commissions again? It's my understanding that we're the ones who should decide, and nobody else, whether we should put a toolshed on Pier 35.

PRESIDENT RUDDEN: Toby Rosenblat, President of the City Planning Commission would like to make a statement.

MR. ROSENBLAT: If the Port Commission approves moving the service facility into Pier 35, the Planning Commission would have to amend the original plan to show that it was submitted in this matter; and it is part of the condition to show the deletion of the proposed site next to Pier 35, and the replacement of that with a park.

Now, that's a rather minor item in light of the commission's desire for a larger park. The condition --

MR. GILL: Excuse me, my name is Charles Gill of the Planning Department. And granting conditional use authorization for non-maritime use of Pier 35 --

MR. ROSENBLAT: And we would want to maintain that in the event the Port gave him the 18 months' notice, that he could still retain his now-existing rights, permit to build the building.

COMMISSIONER BRIDGES: While we are sitting here, this is meaningless. We'll get a report from our staff and make no decision, someone else has to decide?

COMMISSIONER GOLDMAN: Harry, it's not meaningless if it meant it might involve other departments of the government, too; but as has been indicated, maybe we ought to rewrite the Charter -- so what we say is important.

COMMISSIONER BRIDGES: All we are saying here is, shall we, with our wisdom here, as the Port Commission of San Francisco -- can we make a decision here for 15,000 feet of Pier 35? Can it be allocated to put the Warren Simmons project

ahead, and can we make a decision on it?

We've just been told we can't.

COMMISSIONER GOLDMAN: We can make a decision, but it will not be exclusive; okay?

PRESIDENT RUDDEN: Well, we'll refer this to the staff to solve all these problems.

COMMISSIONER BRIDGES: I want to say that the staff to me is looking like a mind reader.

MR. DAVID: Mr. President, we ask that Item 7 be put over until the next meeting.

COMMISSIONER GOLDMAN: Well, that decision has already been dealt with. I hope we'll allude to this continuing lawsuit which has been held up for a long time, and what we can do within the confines, to take action, because this matter has been on the agenda for over a year.

MR. HUNTSMAN: Item No. 8 is the report on Bay Corporation construction and design plan by the Port Engineering Department.

PRESIDENT RUDDEN: Mr. Vickers?

MR. VICKERS: Yes. My assistant, Mr. Peleaux, wrote a one-page item on this; unless you have any questions I would just as soon keeping moving on the meeting.

COMMISSIONER GOLDMAN: Are the plans that we are referring to in any way at variance with the original plans, which include the adequate use of the facility, and also the maintaining of this platform without interfering with the deliveries?

MR. VICKERS: No.

COMMISSIONER GOLDMAN: There's no change?

MR. VICKERS: The only plans we have approved to date is a structural plan and the architectural plans. We have not received the landscaping plans yet. Those landscaping plans are being reviewed at the Art Commission this Friday, and we are going to have one of our architects there at the same time, to go over this, and to look at them with the BCDC. Other permits are very specific on this.

COMMISSIONER GOLDMAN: But it's consistent with the original agreement that we entered into with the project firm, Bay Corporation; is that correct?

MR. VICKERS: Yes.

PRESIDENT RUDDEN: It's getting on to 12:00 o'clock. Are there other items that we could eliminate or cover quickly?

COMMISSIONER GOLDMAN: Where do we stand on this item?

MR. VICKERS: We just have a report.

COMMISSIONER GOLDMAN: You're just filing a report? There's no action?

MR. VICKERS: Yeah. I have two items, and because of the time schedule, I'd like to have you go over today, and the next item is No. 9.

MR. HUNTSMAN: Item No. 9, report on selection of landscape architect for promenade, and award of contract to EDAW Incorporated.

The material is included in your backup.

COMMISSIONER GOLDMAN: I'd like to ask a question, rather than have you read the whole agenda item.

Mr. Vickers, just tell us what the relationship would be of the landscape architect to the Port in conducting this?

MR. VICKERS: Sure. The landscape architect is going to be another staff part of the Port Engineering Department, in the sense that they'll be putting together their plans on our paper, and they will be writing the specifications on the same format that we use, so that when we put out a promenade for bids for construction, the landscape drawings and landscape specifications will be part of our package to build the promenade, and we at the Port will do the structural design of the promenade, the civil design of the promenade and the major electrical and mechanical work on the promenade.

MR. DAVID: Mr. Vickers, is there a representative of that firm today, here?

MR. VICKERS: Yes. Mr. Altman, Mr. Howard Altman, is here today. Do you want to question him?

COMMISSIONER GOLDMAN: If there are new restrictions -- is this the normal way that you do this kind of work, or is it at variance? Would you explain this?

MR. ALTMAN: I wouldn't say that it's the conventional sort of service in that I think it goes beyond the average. It will be an exceptional interface that we are able to effect with your own staff. Our office will be virtually in your office. I think it goes beyond the average sort of job where the consultant designs something, that it shows up after the fact, you folks review it and say that it is or it isn't acceptable. You'll be actively involved throughout the assignment.

COMMISSIONER GOLDMAN: What do you do differently, or is this exclusively as a landscape architect?

MR. ALTMAN: Well, what would inevitably show up is that there would be various phases, all sorts of other consultants involved; it would be fairly involved, and could go on, seemingly, for ages, whereas obviously the funds are available, the design is there, the individuals are shown insofar as what our interaction would be. Say that it's faster and easier than the average job that our firm has.

MR. VICKERS: One thing I might add: is that we've built into this that we know we have to go, we add it up, and Howard added up, there are at least ten hearings that we are going to have to go to on this promenade thing, and he's going to be part of our team on each one of these hearings.

COMMISSIONER GOLDMAN: Let me ask you this question: When this project is finished, and the public is there to evaluate it, who is going to have to take the kudos or the criticisms for what was done?

MR. ALTMAN: Well, as so often what shows up, if there aren't any good things to add, it's not the consultant's fault, but if there are any faults found, it is the consultant's fault.

COMMISSIONER MORRISON: That's not our experience. We're not going to take the blame.

MR. ALTMAN: I think that it's an exceptional job, in that I assume that there would be someone who would object to anything and everything, but it's a job that I think you folks will get a very favorable response to.

All the folks that I've seen are in favor of it. I think it's an example of an action-oriented job that will be constructed, and that we'll all be satisfied with it.

COMMISSIONER GOLDMAN: You don't think that in any way you are being detailed in expressing your studied evaluation of the utilization of that land by the arrangement as we have it entered?

MR. ALTMAN: No,sir, not at all.

COMMISSIONER MORRISON: Mr. President, I think the staff should be commended for the skill and expedition they've used in getting this project underway.

PRESIDENT RUDDEN: Is that a motion?

COMMISSIONER MORRISON: Yes.

COMMISSIONER GOLDMAN: I'd like to comment that we feel this is a landmark development which is going to be a key source of attention in the area of the waterfront, and so we are placing a lot of confidence in your firm in conjuction with the staff, to do a superior job.

PRESIDENT RUDDEN: Is that a second?

COMMISSIONER GOLDMAN: Moved and seconded.

MR. VICKERS: We ought to have an agenda No. 9 to show that administrative resolution No. 10857 was passed unanimously.

PRESIDENT RUDDEN: Okay.

MR. HUNTSMAN: Item No. 10, the recordation of the retention of special counsel, that was approved at the meeting of February 17, 1978.

Mr. Lynch?

MR. LYNCH: This will take about ten seconds.

A special meeting was held during which the Port Commission appointed special counsel regarding the bankruptcy matter. Two of the Commissioners were absent, due to the calling of the special meeting unexpectedly. Now that we have the full Commission here, I just ask that the Commission affirm the action that was taken at the special meeting.

COMMISSIONER MORRISON: I move that we affirm that action.

MR. LYNCH: I just wanted to make sure there is no problem.

PRESIDENT RUDDEN: It is approved unanimously.

MR. HUNTSMAN: Item No. 14.

Item 11, 12 and 13 went over.

Item No. 14, City Controller's request for a supplemental appropriation in the amount of $240,726 for the operation of the fireboat, pursuant to the Board of Supervisors' action of January 23, 1978.

The backup information is in your folder.

COMMISSIONER MORRISON: May we hear from the staff?

MR. TAORMINA: Mr. President and members of the Commission, we have included a letter from Mr. Farrell to all the firefighters from the San Francisco Local, and the City Attorney's opinion.

I'd like to just give the general background.

It appears that this has been before the Commission numerous times, and we again want to enumerate what the staff recommended, and what the position of this Commission has been previously.

The Fire Department's cost the last few years, in 1976

and 1977, the cost of the fireboat PHOENIX, as well as the Fire Marshal, which are lumped together in one transfer of funds, is $917,123.

In that particular budget, the Port of San Francisco paid the full cost of this operation. When the 1977-1978 budget was put together, your staff recommended that the Port Commission fund the fireboat at a level of $467,567 of the $933,862 requested by the Fire Department. The basis for our recommendation was that we felt that the fireboat PHOENIX could be placed on a standby basis, thereby allowing a savings to the Port.

This recommendation was based upon a study done by the University of California, Public Policy School. That meant that the Fire Department ad valorem fund would be appropriating $466,295 for this current fiscal year that we are in for the fireboat PHOENIX's operation.

The Fire Department, at numerous hearings before the Board of Supervisors, when this item was discussed, contended that the standby basis is not possible.

However, the Board of Supervisors and the Mayor approved, when the budgets were established, the $467,00 and $466,000 respectively, for the two departments.

The manning scale for the fire services for the Fire Department here at the Port represents approximately 25 employees: 14 firefighters, 2 Lieutenants - which are officers of the fireboat; 1 Lieutenant, which is our fire marshal; 1 Captain, which is our officer of the boat; 4 marine engineers; and 3 pilots.

When the Port staff recommended the $467,000 appropriation, we were actually telling the Commission that we could fund for the full year's service of the fireboat PHOENIX 11 people. The only people we would not be funding for the full year would be the H2 firefighters.

If you total the salaries of the positions that we agreed to fund in our budget, the 11, it comes to a tune of about $350,000. So, indeed, the appropriation that we transferred to the City was more than sufficient to cover what we considered essential personnel to maintain the boat for the full fiscal year in operation on the waterfront.

The only thing lacking would have been the firefighters. Indeed, we were funding approximately one-third of their time.

We doublechecked the permanent salaries of these 11 people recently, since we got Mr. Farrell's letter, because of salary standardization. We wanted to insure that we did give them sufficient funds. And, based upon our analysis, their permanent salaries, fringe benefits, overtime, holiday pay and temporary pay, and differential payments for those 11 employees, would come to $350,000.

And, again, we felt these are the essential payments to maintain an adequate fire protection on the waterfront.

However, the City Controller has notified us that due to the rescinding of the appropriations by the Board of Supervisors, that unless a supplemental appropriation is submitted to the office by March 31, 1978, there will be cutbacks in the service. What this means to us is that the fireboat will be taken out of service, and that all personnel, including

the Fire Marshal and the pilots, engineers, and the officers, will be taken off the boat.

And that the basis of the Controller's letter is that they are requesting the Port Commission to submit a supplemental for $240,000, which will cover the period of this unfunding, which occurred when the Board of Supervisors passed its ordinance.

What also occurred is that the Controller -- and I have talked to Mr. Farrell -- has applied all the money that the Port has budgetted, the $467,000, to the first six months of operation of the entire boat.

The City has picked up the difference between January of 1978 and what would be April of 1978, out of that ad valorem, or approximately $240,000. The cash shortfall for the operation occurs from April '78 to July of '78, where the Controller has no authority to certify funds available for the payment of these personnel. I assume that the personnel involved had been absorbed some place in the Fire Department, but I have not received anything from the Fire Department officially indicating that.

We feel we could not make a recommendation for approval of this $240,000, based upon the policy of this Commission in funding the boat on a standby basis.

COMMISSIONER ROTHENBERG: Mr.President, could I just ask one question: Could you tell me in the past year how many fires -- fire missions the fireboat has been on?

MR. TAORMINA: Mr. Grubb has been working in some of these areas; George, did we ever get down to some of those

numbers?

MR. GRUBB: Mr. Commissioner, I've asked for all these reports, and I don't have all these reports yet.

And if I might address myself to this problem, I think if we start in 1969 as a basis for the fireboat operation, and the adoption of the policy at that time, the ad valorem funds should not subsidize the Port, nor should the Port funds subsidize the ad valorem charges. And I'm talking about the general fund for the Fire Department.

There have been a number of changes in the business of the Port, and the structure of the Port. I think we have been advised by our counsel that to have any change in the Fire Department requires an action of the Board of Supervisors. If this is so, I think the Port should undertake the initiative to present new facts to the Board of Supervisors, to change this funding.

Let me give you some facts of what occurred since 1969.

COMMISSIONER GOLDMAN: Mr. Grubb, before you do that, I think we have a pretty good idea of what's been transpiring. This has been on our agenda, a year at this point in time -- this has been on the agenda since 1970.

MR. GRUBB: Mr. Goldman, I know you've given a great deal of thought to this, but I was trying to present to you additional facts that haven't been covered.

Taking a look at the Fire Department's activity here, I think that their main value to the Port, and their proper charge, would be to protect ships or structures and cargo. Since 1969, 848,000 square feet of sub-structure has been

taken out; it's been removed. 56 percent of this is in the fire zone. That's the part of the city that has the most fires, risk and fire hazards.

COMMISSIONER GOLDMAN: It is important to ask a question: Could we contract to have this work done independently of the use of the Fire Department?

MR. GRUBB: I can't answer the question. I don't -- I doubt it.

COMMISSIONER GOLDMAN: Why?

MR. GRUBB: You can contract for certain kinds of employment. I don't know that you could --

COMMISSIONER GOLDMAN: I'm talking about protection of ships, fire prevention work, checking the piers.

MR. GRUBB: That would be fine. Firemen have, at one time or another -- I suppose there are public fire departments --

COMMISSIONER GOLDMAN: Would it be well to determine if there are services available in the community that provide that kind of work?

MR. GRUBB: That's a possibility, but you still get back to the City Attorney's opinion, that no change can be made from the staffing pattern of 1969, without approval of the Board of Supervisors.

But, to continue, there's 1,365,000 feet of superstructure that's been removed, of which 61 percent is in the fire zone.

The Port has sprinklered 777,000 square feet of structures.

Now, as to the protection of ships, there's only 35 percent as many ships staying in port today as there were in 1969, so they have lost two-thirds of their responsibility

in terms of protecting ships.

Cargo is less than half of what it was in 1969, so that they're not protecting much cargo.

In this analysis of the Fire Department that is of benefit to the city, that has no direct bearing as a Port charge at all, and that's the use of the fireboat as an auxiliary pumping station. That provides that they can put water in the fire lines, in case that the fire lines for the rest of the city are disrupted through some kind of a catastrophe. This is a valuable standby service, but this is a cost to the Port of about $175,000 a year, not for the Port's benefit, but from the standpoint of the ad valorem taxpayers' benefit. That's something that could be considered.

Now, the other thing that's been changed rapidly in the terms of the Port's direct effect upon the taxes of the City and County of San Francisco, that's been increasing every year, almost double in three years, in the amount of ad valorem taxes collected as a basis of the Port's business, and that's in the possessory interest tax. That's doubled in three years. I don't know what the percentage of increase is in 1969 up to date, but I suspect that it's a very large thing.

So, in effect, the Port's business is paying into the ad valorem tax, if not to the general fund, very amply. To have the ad valorem thing protected from the tax increase, that would be a loss in the Port's -- and subsidizes less of the Fire Department.

MR. TAORMINA: I can only sum up by saying that $240,000 -- that the Board of Supervisors is saving the taxpayers of

San Francisco -- it represents something like three-quarters of one cent on the tax rate.

MR. GRUBB: That's an important figure, but you had a report before that the firemen should be on standby service. But I think the report that you had before you didn't take into account that the standby service that you have now is much stronger, as a result of the facts that I've given you today.

COMMISSIONER MORRISON: Mr. President, I would doubt that there is any savings to taxpayers, but first of all I would appreciate it if Mr. Grubb could put that new information in the form of a memorandum.

MR. GRUBB: I'm going to. I'm working on it. It will bear on this, but this is as much as I can give you at the present time.

COMMISSIONER MORRISON: Mr. President, this issue has been a matter of controversy for more than thirty years that I know of, in my experience. Last year, finally, it seemed out of all the controversy we had worked out a solution that was not perfect, but it was acceptable to the Port. We said we would fund half of the expense of the fireboat.

The Mayor agreed to that. The Board of Supervisors agreed to that. The tax rate was set, and the money is collected already, and it will never be returned for this year's operation.

Now, it might possibly be that if they say $240,000 this year, it could go to lower next year's tax rate, but that seems to me at this stage to be an unlikely possibility, so

no one really is going to benefit if we appropriate the $240,000. The Board of Supervisors has given no justification and no reason for its action, and I think the action was capricious and arbitrary.

Furthermore, I think under the City Attorney's opinion that has been written in past years, we have no obligation whatsoever to provide fire service beyond what is required to do an adequate job.

That's the way I read the City Attorney's opinion. We have found, as a matter of our policy, that we needed the fireboat only on a standby status.

If we were to take this action of the supplementary appropriation, in my opinion we would be giving away the Port's money beyond what's required to provide an adequate fire service, and I think that would be irresponsible for us to do it.

MR. GRUBB: It's illegal, too.

COMMISSIONER MORRISON: I fully agree with the staff recommendation on this matter.

MR. GRUBB: I might point out that in a transfer agreement, the City is in no way obligated to or intended to subsidize the ad valorem tax rate.

Now, the other fact is that if we're not on a standby basis, neither us nor the taxpayers would pay for it.

COMMISSIONER GOLDMAN: I'd like to ask a question: Is it the opinion of the staff, maybe Mr. Grubb and Mr. Taormina can answer it -- is it possible that the Controller, in appropriating those $400,000 in the first six months, was

acting inappropriately? Rather than distributing throughout the year, as it was presented by this Commission?

MR. TAORMINA: I raised that very point with Mr. Farrell, and Mr. Farrell stated that he was given no policy direction by the Board of Supervisors, or the Mayor's office, in formalizing the budget, to instruct him to allocate the funds any different than the way he allocated it; and, indeed, he felt he allocated them on the basis that the Mayor and the Board of Supervisors wanted him to do, and that, indeed, he will have to certify that there are not funds available after March 31, and, indeed, he will not be able to authorize --

MR. GRUBB: We are not authorized to. We can only pay at the end of the month, and only show the accounts receivable.

COMMISSIONER GOLDMAN: Well, I think it is not consistent with the determination of this Commission.

MR. GRUBB: The other fact, I think, should be brought in here, the fact that I don't think we can continue the supplemental appropriation as of the current moment, because the PFEL thing and the so-called surplus being non-existent, so I would suggest that we write to the Mayor and the Board of Supervisors and ask them to wait for a reconsideration of the matter as a whole, and for the development of any possible funds that are needed.

COMMISSIONER GOLDMAN: May I ask another question? Supposing we don't follow -- supposing we vote to follow the -- some of the discussions here, and not appropriate additional funds? That would mean that from April 1st to June 30th the boat would be out of service.

MR. TAORMINA: That's our understanding.

COMMISSIONER GOLDMAN: But I don't think it should be the burden of this Commission to take the responsibility for this.

I think it has to be worded in a way -- I certainly feel keenly on the subject -- that it is not our responsibility to provide those moneys, but I don't want the criticism.

If we take action to turn down the request, I think we have to be very careful in expressing it, that we are not assuming a burden, if there is one, for the failure to have this facility.

MR. TAORMINA: I'd like to refer to the City Attorney. I may have some comments there, because it's indeed the City Attorney's opinion which is bringing this thing in focus, as far as the Board of Supervisors is concerned.

COMMISSIONER GOLDMAN: Maybe we'll have to hire our own counsel next time. I don't think he's speaking in behalf of -- it's just an opinion, as far as I'm concerned.

MR. LYNCH: I'm just speaking regarding the comment Mr. MOrrison made, as to regard -- as to what services the Port has to provide, what fire service it has to provide under the transfer agreement. And Commissioner Morrison used the term "adequate service."

Under the transfer agreement, the Port is required to provide those fire services which the Port had provided prior the transfer.

Now, I'm not sure that that says the same thing that Commissioner Morrison has stated, in other words, but I just wanted to make that clear that was the interpretation in the

transfer agreement.

COMMISSIONER MORRISON: Well, Mr. President, I was referring especially to this language -- what I mean is, the transfer agreement says the Port shall not, however, be required to contribute to City services, such contributions will result in expenditures greater than those required.

MR. GRUBB: That's what I was referring to.

COMMISSIONER MORRISON: And clearly we are being asked to pay more than we believe we need to pay.

PRESIDENT RUDDEN: Can we establish what adequate services are?

COMMISSIONER MORRISON: We can say there need be none.

COMMISSIONER ROTHENBERG: Mr. President, the issue that we're focusing on here is, are we willing to support the whimsey of a fireboat being around when needed, but it's obviously needed so often that nobody can even tell us when it fought its last fire.

MR. GRUBB: It never took 112 firefighting hours, which comes to the neighborhood of $12,000 an hour.

COMMISSIONER ROTHENBERG: Well, are you sure about that?

MR. GRUBB: Yes, I am sure.

COMMISSIONER ROTHENBERG: Because I visited the fireboat crew recently, and we went out to visit one of the ocean liners, and there was some debate as to when or if it had ever fought a fire.

I am talking just about firefighting service, and I'm talking about firefighting over a period of years. Now we, with the reduction of exposure by ships, cargo and super-

structures, and there should be less fires. The last figure we had, $10,000 an hour.

COMMISSIONER ROTHENBERG: Let me just convey a point: We have a boat, the boat is slow, it often gets to the fire after the fire is out, there are three other fireboats on the bay -- Richmond has one, the Coast Guard has one, and Oakland has one. We now have ground services that can get to most of our fires much faster than the fireboat can, and I see no reason why we can't do what we're all pushing for, and that is to maintain the fireboat there for an emergency. The crew can be moved into it when there is a fire, because right now we are paying for the staff of a large number of firemen with nothing to do, really. There's no reason why those firemen shouldn't be better deployed at a station where they are going to be more involved. And on those occasions when we need a fireboat, we can move them in.

Obviously, this Commission has felt that way for at least ten years; it's not going to affect our rates one way or the other, so the issue is quite simple: why are we paying for a lot of people who really aren't really well employed?

MR. GRUBB: There's one other factor: even today the Fire Department does not have enough firefighters, and Civil Service cannot produce enough eligibles in the next fiscal year to fully man them and get them through the Fire Academy.

COMMISSIONER ROTHENBERG: And we have some of the most skilled firemen sitting there watching TV, and I'm not demeaning the firemen. We need to deploy our resources as

best we can, and this just appears to be a silly, at best, battle between the Supervisor Molinari and ourselves, and I just don't see what he is trying to accomplish.

It's certainly detrimental to the City and it's detrimental to the Port.

MR. GRUBB: Well, what they're trying to accomplish, I can point out very easily, because, as you know, I was in the budget office of the Mayor in past years. I approved -- I tried to help you, but what happens is you get up to the Board for your regular budget, and you face very hard going, and it's a matter of just being very practical to fund the POrt properly, then you agree to restore this.

But now we need a declaration of policy in understanding what the Mayor and the Board of Supervisors -- what is currently needed.

That funding is settled, and we settled the issue.

COMMISSIONER ROTHENBERG: Well, I think Mr. Molinari is going to have to find the money for District offices for Supervisors in our budget.

MR. GRUBB: That would give him $240,000 to do that. I don't think Mr. Molinari, nor anybody else on the Board of Supervisors, has the figures I gave you this morning.

COMMISSIONER ROTHENBERG: And if they want the office space, they can have part of --

COMMISSIONER GOLDMAN: It was only a couple of years ago that the world became aware of the fact that we are paying $17,000 a year for street cleaners, that we are paying $30,000 a year for 15 -- or is it 11 firemen -- who really don't

have anything to do.

Now, if this is the kind of luxury this City has to assume, it should be noised to the public that it's being done.

I am tired of having people on the Board of Supervisors pointing a finger at us, when there's no real reason for them to be pointing a finger at us. I think it's about time we spoke out.

COMMISSIONER MORRISON: Mr. President, I move we write a letter to the Controller, citing all the good reasons that have been cited here by everyone, and especially including a copy of the new information that Mr. Grubb has brought forward, and say that we appreciate his letter, but we decline to comply with his request.

MR. GRUBB: I don't think we can comply now, because I don't think we have the surplus funds.

COMMISSIONER MORRISON: That might be the better way of stating it: we don't have the money.

COMMISSIONER GOLDMAN: I think whether we are or not, I beg the question.

MR. GRUBB: You can stall.

COMMISSIONER ROTHENBERG: Well, we've been stalling for ten years, and look what it's got us!

MR. GRUBB: If we change the policy, then we have settled the issue.

MR. DAVID: It seems to me, if you deny the request, each and every time this issue has come up, ultimately the Board of Supervisors, the Fire Department -- they are going to

submit a supplemental.

But by denying the request, then I think I could go to the Fire Chief and seriously talk about other alternatives.

COMMISSIONER ROTHENBERG: I think we should disapprove this matter.

PRESIDENT RUDDEN: Okay. Jack has moved. Did you want to say anything?

COMMISSIONER ROTHENBERG: I second the motion.

PRESIDENT RUDDEN: It has been adopted unanimously.

MR. VICKERS: I just request an approval of Item No. 15.

MR. HUNTSMAN: Item No. 15, request Commission declare an emergency exists in the vicinity of Islais Creek, and authorize the Chief Engineer to expend not to exceed $5,000 to analyze mud samples.

The information is in your package.

PRESIDENT RUDDEN: If there are no objections, the resolution is approved unanimously.

COMMISSIONER ROTHENBERG: We have one item of new business.

Several meetings ago the Commission was made aware of some attempts by the Mayor and our legislative delegation in Sacramento to push forward legislation which would relieve the Port of some or all of its obligations on prior stated indebtedness, which we took over the burden ill-advisedly.

The Mayor's office has requested that the Port fund a study which will be done in five weeks, which will document both, from a financial point of view and also from several economic scenarios. The justification, both from the point of view of how the Port was ill-advised to enter into a

transaction like this in the first place, and, two, showing how the Port, the City and the County, and eventually the State, would be better served if the funds now going through debt service could be used for generating more constructive facilities from a revenue point of view.

The Mayor and I interviewed several firms, trying to find someone who was both competent to deal with the matter and also who could do it very quickly, and we ended up talking with two firms in the City to do these two slightly separate jobs, and one is a piece for the Legislature, which gets into some of the irregularities in the Burton Act, and the other is a somewhat lengthy and more critical economic justification for the Department of Finance.

It appears the cost of this will be somewhere between 12 and $15,000, and I would like to ask the Commmission to authorize Mr. David to negotiate and enter into a contract to -- let's see, the official pronouncement should be:

> "I move to authorize the Acting Port Director to retain financial consultants in an amount not to exceed $15,000 to provide the consultant services to the Port, to aid them in transactions with the State."

In their transactions with the State, I think, given the large numbers of dollars that we're seeking from the State, this is a very small investment to make, and I think it appears to offer some hope.

COMMISSIONER GOLDMAN: Mr. Chairman, particularly I

agree with what has been discussed. My query is: Shouldn't caution be used by the Mayor's office and the Port Commission, because the contract and transfer of the Port to the State and City is the action of the Mayor, not of the Port.

And, as a matter of fact, the efforts being generated, which are substantial, and the members are to be commended through the Mayor's office-- I'm wondering why we're being asked to fund it?

COMMISSIONER ROTHENBERG: Because the Mayor's office thought they didn't have enough funds available to fund it. They thought it was very much in our favor to fund it.

COMMISSIONER GOLDMAN: Maybe we'll get the Fire Department to fund it.

PRESIDENT RUDDEN: We are the recipients, again.

COMMISSIONER BRIDGES: I will second the motion.

PRESIDENT RUDDEN: Okay. The motion has been seconded. Is there any objection?

COMMISSIONER BRIDGES: Well, I just like to add one point: we said that it was an ill-advised action. Now, that's --

COMMISSIONER ROTHENBERG: It's all pretty retrospective.

COMMISSIONER BRIDGES: Let's come out and say we made a bad mistake, because when you start talking about bad, ill-advisement, who gave this advice?

PRESIDENT RUDDEN: No objections. It is approved unanimously.

COMMISSIONER MORRISON: I move we adjourn, Mr. President.

PRESIDENT RUDDEN: The meeting is so adjourned.

(Whereupon, the meeting was thereupon adjourned.)

F
55
3
2/18

SAN FRANCISCO PORT COMMISSION

Minutes

REGULAR MEETING

March 22, 1978

APR 11 1978

DOCUMENTS DEPT.
S.F. PUBLIC LIBRARY

Board Room

Ferry Building

Reported by:

SARAH W. HUNTER

SINCE 1931
HOTCHNER REPORTING SERVICE
DEPOSITION NOTARIES
HEARST BUILDING
THIRD AND MARKET
SAN FRANCISCO, CALIFORNIA 94103
PHONE 434-1551

COMMISSIONERS PRESENT:

James J. Rudden, President
Harry Bridges
Richard N. Goldman
Jack Morrison
Alan E. Rothenberg

COMMISSIONERS ABSENT: None

ALSO PRESENT:

Donald Boyd, Sales Manager
Edward L. David, Acting Port Director
Turnie Grinstead, Traffic Manager
Julius E. Herren, Director, Administration & Finance
James E. Huntsman, Administrative Service Officer
William P. Lynch, Jr., Deputy City Attorney
Anthony J. Taormina, Deputy Port Director
Harry J. Thiemann, Commercial Property Manager
Charles L. Vickers, Chief Engineer

CONTENTS

	Page
Call to Order	1
Approval of Minutes	2
Status Report by Staff on Fisherman's Wharf Project	2
Public Hearing on Development Proposals for Central Basin	9
Licenses and Leases	35
Request from Warren Simmons for Use of 15,000 Square Feet, Pier 35	36,68
Resolution No. 78-5 Pertaining to Central Waterfront Area	63

P R O C E E D I N G S

PRESIDENT RUDDEN: May we come to order, please?

Mr. David, I wonder, since this is a long agenda, are there any items that we might eliminate, put over to the next meeting, so that we can get on with these others that will take more time?

MR. DAVID: Because of the people that have attended for special items, I would think, Mr. Boyd, we could put over the marketing program, could we not, and the contract?

MR. BOYD: (Nods head affirmatively.)

MR. DAVID: We could put over Item 11.

PRESIDENT RUDDEN: Is that all right?

COMMISSIONER MORRISON: How much time does that save? Is that a lengthy presentation?

MR. DAVID: Well, we have people here, I am sure, regarding the dockage increase at Fisherman's Wharf, and it was put over last time. And we have people on the Warren Simmons project. We have a presentation to be made by Mr. Gimmy, and we have the people here to present their proposals for the marina.

I wonder if we might just start through the marina and see how it goes. I would suggest, however, on the proposals for the marina, we put a time limit of, say, ten minutes for each presentation.

COMMISSIONER MORRISON: Mr. President, I would suggest that we accommodate the most people as early as we can, and therefore, that we take up the Fisherman's Wharf thing.

PRESIDENT RUDDEN: All right, why don't we do that, take up the Fisherman's Wharf thing first, if the larger number of people are here for that.

MR. DAVID: Then we will go to Item 7.

PRESIDENT RUDDEN: Approval of the minutes?

MR. HUNTSMAN: Request approval of the minutes for the regular meeting of March 8, 1978.

COMMISSIONER ROTHENBERG: So move.

(The motion was seconded and carried unanmously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

MR. HUNTSMAN: An Executive Office report by Mr. David.

MR. DAVID: No. I would only suggest, when you finish with Finance you go to Item 7, the Fisherman's Wharf dockage.

MR. HUNTSMAN: There is no report from the Bureau Chief, Finance and Administration.

The next item is Item No. 7, under unfinished business, status report by the staff on the Fisherman's Wharf project; 7.a, request approval to increase dockage rates at Fisherman's Wharf area on our Tariff 3-C.

MR. TAORMINA: Mr. Chairman, members of the Commission, our report on the Fisherman's Wharf will be very short. We did want to report to the Port Commission to bring them up to date on what is currently happening on our breakwater at the Fisherman's Wharf area.

We have been informed that the congressional

authorization for the construction of the breakwater will most likely come out of this session of Congress, and indeed there is a public works bill currently in the Senate, which will be amended by Senator Gravel to include the authorization for the construction of the San Francisco breakwater. The bill is on the Senate table, and will be the first bill heard after the Panama Canal Treaty.

It has been a lengthy process. It has been 12 years, and we seem to always have a new item to stand in our way, but this will really mean, for the first time, that we have received authorization by the Federal Government to construct the breakwater, and what it means for the Port staff is that we will begin working with the San Francisco District Corps of Engineers to try to include in their capabilities for the fiscal year coming up, '79, engineering design money, so that they can begin to do the engineering design for the final breakwater and the baffle wall which will be off of Pier 45.

Once that process has been completed, which has been estimated to be anywhere from one year to two years engineering design -- we hope to cut it down to one year -- we will then seek the appropriation from Congress for construction of the breakwater at the Fisherman's Wharf area.

The Environmental Impact Report has already been completed.

The project has a 24-percent local matching share. The Port estimates that presently to be somewhere around $2,900,000. We currently have had that money allocated and set aside in our restricted fund, in our capital improvement

program, in a little excess. I think it is about $3,800,000. So we do have the matching funds.

When we begin the engineering design and move toward construction, which we hope will be within the next two to three years, we see that this really allows for this entire outer lagoon and inner lagoon to be revitalized for the commercial fishing interests of San Francisco, which has always been something that the City has supported, the Board of Supervisors, the Mayor's Office, and this particular Port Commission has supported.

We are going to be working with our engineering staff and people who are interested in the area to really update what was the feasibility study that was presented in 1974. It has been four years since that study was presented to the Commission. We feel that it really requires updating. It requires a total, comprehensive evaluation of the area, what is going to go in there, and how it can give the best return to the Port.

That process will begin immediately now with the staff and the people in the area, and we will be coming back to you as this process unfolds with what will be the concept for the new Hyde Street Pier, for the outer lagoon area, for revitalizing the inner lagoon and providing new services in that area, and for the developments along Pier 45-B and -D.

Currently, we have just completed some dredging in that project, in this area, in the inner lagoon. We have completed some new pile work in that area. So we feel that we now have pretty well put this together, and, with the

breakwater, we will really have the protection we are going to need in this area for the purposes of maintaining our commercial fishing industry in San Francisco.

That is generally our report. The most important thing was to inform you that it looks like we will get congressional authorization for the breakwater this year.

COMMISSIONER GOLDMAN: Mr. President.

Tony, this has nothing to do with the particular issue we are here to talk about. Right?

MR. TAORMINA: No, but we did want to bring it to your attention at this time.

COMMISSIONER GOLDMAN: What you are pointing out is that there will be a breakwater built, and that the commitment that the Port has to make is close to $3,000,000 for the total amount.

Now, I know that Mr. Simmons has a similar problem, and I am of the opinion that he is able to build it for quite a bit less than the approximate $12,000,000 we are talking about here.

MR. TAORMINA: Well, you have a completely different set of circumstances in this particular area than you do down in the Pier 37-39 area. Indeed, you have this area, which has been wide open traditionally. The U.S. Army Corps of Engineers has studied this area intensively over the years, and they have been the ones who have looked at scenarios, looked at various feasible types of breakwaters in the area, and indeed they have concluded that, for the cost-benefit analysis and ratio, this particular type of breakwater is the best suited,

and the one to protect this particular harbor. Indeed, we feel it goes without question.

COMMISSIONER GOLDMAN: I think we must bear in mind also that, if we are to put in $3,000,000, approximately, into the project, it is money that is allocated, but it is money which has to be repaid, and upon which interest also has to be repaird. Is that correct? Where are those funds?

MR. TAORMINA: The monies are restricted. This would be considered a capital improvement to the Port, so they come out of our bond funds that we have available for this project.

COMMISSIONER GOLDMAN: So far, those bond funds are, I presume, earning some sort of interest.

MR. TAORMINA: Oh, yes.

COMMISSIONER GOLDMAN: If we put them into capital improvement, then we have the obligation of meeting the demands of that.

MR. TAORMINA: I think as we unfold this program and see what is going to generally happen in the entire area, recognizing that this area, to the Port, is very vital, as are revenues with the restaurants and percentage leases, that indeed the return that will, over the years, come to the Port, based upon the new concept back in this area, will really be to the economic advantage of the Port.

COMMISSIONER GOLDMAN: Has anyone tried to evaluate what the addition of the breakwater will realize?

MR. TAORMINA: We did that four years ago in a feasibility report that was prepared by the firm of Williams-Kuebelbeck. At this time, however, we feel that it is dated,

that this information has to be updated, because even in there, in their Phase I concept and their Phase II concept, there was even a greater commitment of the Port to this particular project.

The staff recently reevaluated it, and we felt that that greater commitment may not be feasible at this time, so what we really want to do is, we want to begin looking at that area and saying that our real commitment is to the breakwater, because that indeed acts as the stimuli for other things to happen back here, which can be done through development and through other things, EDA and DNOD and many different routes, which will allow us to get a better return than was previously reported in 1974.

COMMISSIONER GOLDMAN: Well, what did they report, just very briefly? Did they show any kind of particular additional income?

MR. TAORMINA: Oh, yes. I don't have those figures right with me, but they did show at that time that the project indeed would have produced a return.

I would just as soon say within the next month or two months, as we move into this, that we will come back to you with these kinds of scenarios, because indeed we are still talking about a year's process, even going through the engineering and design.

Chuck, do you have anything to add?

MR. VICKERS: No. I think you covered it all.

MR. TAORMINA: Then I guess the next item is on the tariff.

MR. VICKERS: One comment. You might comment that the temporary breakwater is under construction.

MR. TAORMINA: Yes.

MR. GRINSTEAD: Mr. Chairman, Commission members, after consideration of many factors, including the Port's need for increasing the dockage area at the lagoon, the staff recommends a 50-percent increase in this area, raising the present rates by that amount, to the nearest total dollar, and we ask the board to approve this recommendation.

COMMISSIONER GOLDMAN: I move approval.

COMMISSIONER BRIDGES: Second.

PRESIDENT RUDDEN: Any objection?

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

MR. GRINSTEAD: Thank you.

MR. HUNTSMAN: Which item do you wish to take next?

COMMISSIONER GOLDMAN: Excuse me, Mr. Chairman, but I thought there were people here --

MR. DAVID: Is there anyone who wishes to speak to the dockage increase?

(No response.)

MR. DAVID: I think we could go back to licenses and leases.

COMMISSIONER ROTHENBERG: Mr. Chairman, have we waived all the earlier reports, the Port Director and Mr. Herren?

MR. HERREN: I didn't have any.

MR. THIEMANN: Mr. David suggested I go ahead with Item 5. There are quite a few people on that.

As the Commission knows, we advertised for proposals for a marina in the Central Basin area. Five proposals were received. They were presented to you briefly several meetings ago. One of the proposers, Shoreline Concepts, handed me a letter a few minutes ago, withdrawing from this proposal, so we do have four before you.

We sent you a copy of the Gimmy report analyzing these proposals, and we would like today to have the people who came to present their proposals to you briefly, and Mr. Gimmy is here to answer any questions. The staff requests that a final consideration be put over for nine weeks in this matter, in order that the Moffit-Nichols study would be in hand.

Mr. Richman, I see you first. Would you like to present yours?

MR. HENRY L. RICHMAN: Mr. President and members of the Port Commission of the City of San Francisco, as a long-time resident of the City of San Francisco, and as a boat owner, I know what the City and County of San Francisco needs, and that is a marina that can accommodate boats that are owned or purchased by citizens of San Francisco and the surrounding area.

Attendant facilities, such as restaurants, stores, boat brokers, dry storage, storage, repair and hall-out facilities, are also needed in conjunction with the marina.

Richman Associates has made the best proposal to the Port Commission, as far as physical layout of the marina and its facilities, and financial return to the Port. We have made a very generous proposal to the Port, which in effect makes

the Port a sizable partner in this venture.

The 20-year share of the income representing rent to the Port will be approximately six and a half million dollars, plus approximately $8,000,000 more if the lease runs the second 20 years, for a total of fourteen and a half million dollars for 40 years, in addition to tremendous amounts of indirect benefits which will be realized by the City and County of San Francisco, such as possessory interest tax, property tax on the boats, and other income spent by the boat owners in the City for recreation, food, etc.

As you can see from this rendering, our marina contains 1,022 berths, support buildings, a major boat repair yard, and restaurant facilities.

I have assembled one of the finest groups of consultants in Northern California to plan and help construct this marina. Mr. Anthony Guzzardo, landscape architect, land planner and marina designer, whose office is in San Francisco, and who has designed one of the more reknowned projects in the City of San Francisco, the Redwood Park and Transamerica Pyramid, has designed the land planning and landscaping for several marina in Northern California, and he will discuss the plan with you as far as its aspects.

Mr. Morgan Noble at Dames & Moore, whose office is located in San Francisco, and who is the present harbor engineer for the Pier 39 and 41 development, has had 32 years' experience developing sites and plans for small-craft harbors and marinas. Mr. Noble will be working on the design details of the breakwater and the berthing spaces, and will be available

for your questions after Mr. Guzzardo speaks.

I specifically would like Mr. Guzzardo to go into the plan now. If you have any questions of me, I will answer them. Otherwise, I would like to turn it over to Tony Guzzardo.

COMMISSIONER GOLDMAN: If you are limited to 10 minutes, Mr. Richman, which I think we have indicated to be the case, I don't want to overlook some of the key questions.

Can you tell us a little more about the size of the project which you anticipate, where the financing is coming from, and what kind of input you have to indicate that you can maintain this successfully?

MR. RICHMAN: Yes, sir. Basically, we have designed and double loaded Pier 54 here, so we can get in there, and this contains approximately 740 slips. We do know we have a problem which will have to be solved over the next several months, if we are selected, with the Bethlehem situation, which is over here. We might very well take this pier out, leave the other pier in, and make it a self-contained marina, and have a pier or something out here, and maybe have to bring this back in, and bring this part of the project out, as Bethlehem expects to try and enlarge one of its docks to handle 880-foot tankers. So we do have to address ourselves to that problem.

Basically, the project, besides the slips, will have real estate as support facilities. This is not a real estate development. We figure we will have a port-of-call village in here, one or two restaurant sites. This is the boatyard area over here. This is the existing Crowley office building, which is part of the project. And then over here we will

either have dry storage or storage facilities, which is needed for boat owners.

As far as the financing is concerned, we feel that it is a very financeable project. The cash flow will justify getting financing.At this point, until we are selected, and start going through all the agencies, we don't have very much to submit to a lender at this time.

The figures do work. There is no question about that, on today's rents, and we know that the rents are going to be going up over the next 20 years for boats.

Once we get selected, then we have to go, as you know, the the BCDC, the Corps of Engineers, the Water Quality Control Board, and the different agencies, and we will have to see what their requirements are, and what they will cost.

As of this point, it looks like the project will cost about $10,000,000.

If there are not any more questions, I would like Mr. Guzzardo to speak for a minute.

MR. ANTHONY GUZZARDO: I will be quite brief. I think Hank mentioned most of the things in the development plan.

I happen to be a yachtsman, and have raced several ocean races, and we have been involved in several marine-oriented projects.

The real guts of this development, really, is the marina, and we are all sort of excited because it would provide one marina facility that would service the Peninsula area, the freeway off-ramps being very close by. Really, when you get

down to it, you have the marina facilities and getting into the active Bay Area, most of the marinas are quite distant, so we are excited, because we think it is a proper land use, and it is a workable land use.

The area, I think, has been a real sleeper. Visually, with a development like this, we could change the streetscape. We would propose promenades and landscaping. We could have a place for the public to come out. There are two major restaurant facilities proposed at the ends of the piers.

There has been a great deal of cost analysis. We have prepared a cost analysis for the landscape and site development. Dames & Moore has come in with their cost analysis. You gentlement probably know Morgan Noble, from Dames & Moore. So we have plugged in a lot more than just design. As a matter of fact, we continually, even up to this day, have been developing revisions in the proposal. Mainly, what Hank was saying is, off of Pier 54 we will now stage floats off of Pier 54, and until this proposal is really resolved with Bethlehem, we would be able to get the majority of the piers and the development with the least amount of cost. We had originally staged off of -- I forget the number of this pier.

We submitted a series of sketches, too, that sort of gave the kind of ambience and the character that this development could generate, and will generate if it becomes a real project, and I think should generate, and you gentlemen will be here to make sure that that all did happen.

But I personally, from my experience, think it is a

very feasible project, and everyone on our consultant team and design team is equally enthusiastic about the project.

Thank you.

COMMISSIONER GOLDMAN: Can I ask a question of Mr. Richman? As Mr. Guzzardo just mentioned, this is primarily a marina development, and the other factors represent what percentage of the total value of it, incomewise, would you say?

MR. RICHMAN: I believe, just from the slips alone on the 20-year projection, around 60 percent of the income is from the slips.

As I say, the only real estate we want to have in there is, we will need a little market, we will need a little deli, we will need a hardware store in there, everything that is related to having a marina. You do need those facilities for the marina, sir.

COMMISSIONER GOLDMAN: I hope this is a fair question for you or any other of the developers. Can you give us reasons why the building of the marina should be done by a private developer rather than by the entity, such as the Port?

MR. RICHMAN: You are giving me a lot of trouble, Mr. Goldman. I am just kidding. I think it has worked out and been proved over the years that private developers just seem to come up with better developments than municipalities do. I say that respectfully.

COMMISSIONER GOLDMAN: I just don't want this issue to come at a later date. I happen to think that that may be the best way to do it.

MR. RICHMAN: Yes, sir.

MR. BUD OGDEN: My name is Bud Ogden. I represent Tecon Services, Inc.

I think Mr. Richman has pretty well gone through the aspects of locating the marina in the Central Basin area, so I won't go through that again.

The basic differences between the Tecon proposal and the Richman proposal basically lie in the number of boat slips that are going into the area. We did, prior to making our proposal, employ Williams-Kuebelbeck to do a very thorough market and economic analysis on the area, and also provide us with some construction figures for building the marina and also the big risk item in that whole project, which is the breakwater.

Our construction figures are quite a bit different from Mr. Richman's. We are proposing a project that is going to cost something less, about $5.6 million, rather than $10,000,000.

We have reduced the commercial facilities far below, I am sure, what he is projecting, in that discussions with Bethlehem led us to believe that a lot of objection would be raised if we tried to put a marina very close to their facility, so our approach to the whole project is, quite admittedly, on a very conservative basis, but, we thought, one that was very achievable, backed up with very in-depth market research and also lots of construction research.

Our company is involved internationally in construction and real estate development projects. Surprisingly, we could not find, within the sciences available in the United

States of America, anybody that could tell us that this breakwater could be built at an economical cost. We caused some of our international people to do some research on that subject, and we have recently found a situation which led us to believe it is now feasible, something that we hadn't seen done in this country.

We are proposing 750 boat slips. Initially we are proposing to rehabilitate the existing facilities there. Our market research tells us that the near-term, say five- or ten-year commercial potential of new commercial facilities in that area is somewhat sketchy. Consequently, we have not projected a great amount of revenue from those types of facilities, although they could happen in the future.

Our rent structure is very simple. It is eight percent the first five years, escalating to six percent in the sixth year. Our minimum rents go up to about $94,500 in about the sixth year.

That is, very simply, our proposal, gentlemen. We feel that we are ably qualified financially to do the project. Our company is owned by the Murchison family interests of Dallas, Texas, and this would be a personal investment for the family.

Thank you.

PRESIDENT RUDDEN: Thank you.

MR. THIEMANN: Mr. Owen?

MR. FRANK W. OWEN: Gentlemen, my name is Frank Owen. We have offered a proposal here for a marina in the China Basin area. It is a basic concept which encompasses 450 rental

slips, and a condominium approach to slips.

Our investment is $28,000,000 in this facility, in which we intend a long-term lease with the City. We have asked for 50 years, rather than 20 years.

We would develop this into a very high-class residential area. We understand the City requests and wants residential area in this position in the City.

We have a 100-ton boatyard here that would take pretty good-sized vessels that would be available. We have tennis courts. We have saunas and pools, and we have club facilities. We have grocery stores, marine stores. We have areas over here for boat launching for the public, and we have parking here for boats, where the public could come and utilize this launch system. We have fuel docks.

We would have to raze all the structure off of that pier. We figure to use the base of the pier. We will add, tear down some of these piers, and restructure some piers.

Our whole concept is taken into the breakwater here, which will come off the end of this pier, and this should allow adequate turning basins for Bethlehem's problem.

We have presented this program to gentlemen here in the City, and we feel that this concept would add a tremendous income to the $70,000,000 tax base here. including the yachts that will be berthed here.

We have basic commitments from insurance companies for financing this project. Of course, nobody is going to make a commitment on financing until they have the final approvals of all the commissions that are necessary, which you

are surely well aware of.

I think, just from the standpoint of the money we are talking about spending here, you can believe we are going to have a team of people that will perpetuate the thing and make it happen.

This would be a good community, a good addition to the City of San Francisco, something we would be proud of.

All of the public access around the area has been taken into consideration. We have had meetings with BCDC, and there are some conflicts that they say have to be ironed out. I think the thing has been presented basically on the fact that probably 600 people living here would enhance this facility tremendously. It would be under a total guard situation. We will have 10 full-time guards, and this will enhance the Port Authority, the Harbor Patrol, or the Police Department. We will have our own patrol vessels patrolling the area on a 24-hour basis. We figure that adds a real good plus to the community.

Our counsel here, David Young. David, do you have anything to add?

MR. DAVID YOUNG: No, but we think that the financing portion of it is very feasible. It is not an easy matter, but it is probably the least difficult thing that we do face. Obviously, as Mr. Owen said, no one is going to make final commitments to you until you have all the permit procedure completed, but we feel that what what we are presenting here upgrades substantially an area of San Francisco in harmony and consort with the overall development of the City of San

Francisco. People will be living here. People will be utilizing this on a day-by-day basis, and this can only add substantially to the revenues of the Port of San Francisco and the tax base of the City of San Francisco.

MR. OWEN: One other point, gentlemen. This area off here would be parking, also. In this area back in here we have programmed a development for ministorage. It seems to be a very difficult position for people with small boats to have places to park them in San Francisco. This would lend a good place where they could have security and park their boats without the problem of taking them home with them.

Thank you very much for your time.

PRESIDENT RUDDEN: Thank you.

MR. THIEMANN: Is there someone from Anderson and Alexander?

(No response.)

MR. THIEMANN: Mr. Gimmy?

MR. ARTHUR GIMMY: First of all, I want to say it is a pleasure to be here. I have made many reports to the Port in the past, but --

COMMISSIONER GOLDMAN: Before you start, Anderson and Alexander don't have a representative?

MR. THIEMANN: I asked. No one answered.

COMMISSIONER GOLDMAN: So we are going to hear from three proposals.

MR. THIEMANN: That's right.

MR. GIMMY: Just three. One has formally withdrawn, and another has just not shown up today, so basically we have

three proposals.

I think the main consideration is the amount of guaranteed rent the Port would get, and, secondly, the amount of percentage rent.

I recommended in my report the proposal by Henry Richman was the best proposal economically, in terms that it provided the highest rent for a proposal I think is feasible, and it also provided very attractive percentage rents.

The only proposal that was higher than that was that of Mr. Owen. But, although I think he has a very interesting proposal, I don't think the condominium approach on the Bay Area, as a person that works in San Francisco, is something that would be feasible.

In addition, Mr. Owen did not provide us with any economic feasibility at all, or any analysis of costs.

The second proposal, by Mr. Ogden for Tecon Services, is a very well-researched proposal, and he has had a market feasibility analysis. They prepared cash flow studies, and it indicates that the project is quite feasible and profitable to the developer.

The difference between his proposal and that of Henry Richman is a substantial amount of money. However, I have a question. I also raised that in my report, whether Mr. Richman can actually pay these rents and still service the debt on the project and also make a profit. Mr. Richman did not provide a feasibility analysis of his proposal, so I really can't say whether it is feasible at this time.

Finally, I think that the next step for the Port

is to go into a development agreement, with proper guarantees to the Port, including security deposit and forfeiture clauses and other protections, so that there will not be any tremendous lost time if the proposal turns out not to be economically feasible.

Basically, that is about all I had. I will be glad to answer any questions.

COMMISSIONER ROTHENBERG: Mr. Gimmy, one of the interesting parts in Mr. Owen's proposal is the idea of these condominium slips, something which is certainly new to me. Let's focus for a minute on whether something like this is feasible. I am just talking about the idea of live-aboard condominium space.

Assuming we go with another developer, do you think this kind of thing adds any value, from a real estate point of view, to the developer, and therefore to the Port, or do you think it would simply raise a whole host of questions in terms of getting financing for the project that might more than counterbalance whatever net benefit the concept would have to the livability of the area?

MR. GIMMY: Well, you have raised a number of questions. Depending upon the pricing of the berths, condominium projects like that could be quite profitable. Currently there are some condominium berth projects, or conversions of marinas, going on in Seattle. I discussed those with Larry Williams, and according to Williams Kuebelbeck, the returns or the indications of how they will be accepted by the public really haven't been proven yet, although I would

think myself that a project like that would have good acceptability.

COMMISSIONER BRIDGES: Are there any at all down there in the Marina Del Rey?

MR. GIMMY: That is property under the ownership of the City of Los Angeles. Those berths are rented.

COMMISSIONER BRIDGES: I am talking about the condominium approach. Are there any down there?

MR. OWEN: There are none.

COMMISSIONER BRIDGES: I wasn't sure.

COMMISSIONER ROTHENBERG: I guess the secret behind a condominium is having a sufficiently long lease that you can actually be selling the equivalent of beneficial ownership. Under the term lease we are proposing, no one could get financing for the condominiums because the life of your ownership is so short to begin with.

MR. GIMMY: That's right.

COMMISSIONER ROTHENBERC: Thank you.

COMMISSIONER GOLDMAN: Mr. Gimmy, your report leaves me a bit confused, because you make your recommendation, and yet he has certain reservations about his recommendation. I think it is important for this Commission, when it reaches the point of having to make a determination, to be able to relate to something much more graspable than what we have got right now.

Now, if the prime source of revenue is going to be the berths, and this is something I think we can all pretty well picture, in one case it calls for 1,000, and the other,

Tecon -- I think Richman is indicating 1,000 or more and Tecon is representing something less, I think 750.

Now, I presume that rentals for berths are fairly standard in private developments, so we can apply a factor there, and I don't know how they relate, of that rental of each berth, what percentage will inure to the benefit of the Port, if it is broken down that way. But it would be a formula I think we could understand.

I also raise a question, assuming that would be a prime source, why would one of the developers be providing almost twice as many berths? Is there an economic limitation as to the need, or are there other reasons for it?

Again, looking at the long-range return to the Port, I think we have to have something better to make that decision. We are relying on you.

MR. GIMMY: I feel that 1,000 berths is feasible.

One of the main differences between Tecon's proposal and Mr. Richman's proposal is that Mr. Richman is proposing to pay 18 percent on the berth rents to the Port, whereas Tecon is proposing eight percent.

COMMISSIONER GOLDMAN: Have you evaluated that?

MR. GIMMY: Well, I can't really tell, because I don't know what his operating expenses are going to be.

COMMISSIONER GOLDMAN: Let me ask you this. Maintaining a berth is just maintaining a berth, isn't it? I mean the upkeep of that which they construct.

MR. GIMMY: There is tremendous cost in running a marina. For example, they have to have a large, full-time

staff. There is a great deal of maintenance involved. There are utilities, a lot of insurance. As you know, marinas have to pay the same type insurance rates as shipyards have to pay.

A 1,000-unit marina is a very economic unit. I am in a position where here is a man who is offering to pay on a guaranteed basis to the Port a substantial amount of money, much greater than the second proposal that I recommended, and this man is an experienced developer and he feels that he can do it. He hasn't proved it to me.

COMMISSIONER MORRISON: You are telling us, I suppose, that we need further assurance as to financial feasibility of the Richman project?

MR. GIMMY: I have made that request, but I have never received that. I have had a number of meeting with these developers, and have asked for information. That is one thing that was not provided.

COMMISSIONER MORRISON: What will you need in the way of financial information in order to make a judgment?

MR. GIMMY: Well, in order to relate this to potential profitability and financial feasibility, I already have his income projections. I do not have his expense projections nor his estimated costs on a phase-by-phase basis.

COMMISSIONER MORRISON: Well, Mr. Richman, are you prepared to --

MR. RICHMAN: Yes, Mr. Chairman, I am prepared to give that to Mr. Gimmy.

Just to give you a little bit of an idea now, very realistically, I am talking about a gross. Strictly from a

marina standpoint I am looking at a gross of about $40,000,000 for 20 years, and I have checked my expenses. I will go over all these figures with Mr. Gimmy, and be happy to give him reports on them.

My expenses run about 17 or 18 million, and that leaves, as you can see, plenty of room for debt servicing and for profit, and that is just for the first 20 years.

There is a setup in there where there are four five-year options, and that is where I say the Port will then come in for another $8,000,000 in rent, because then things are paid off. We can even renegotiate at that point.

But there are some very heavy expenses in here. We have to go in here and we have to put utilities. We have to put sewer and water in China Basin Road out there. There are very unusual costs that have to go in here.

Actually, if I had the utilities in the street, and I had the breakwater in there, I could pay you 25 or 27 percent, and I can show you figures from other marinas where you can do that, but since I had to put in the breakwater and put in those on-site and off-site utilities, I had to readjust the slip figure to 18 percent.

My projections, my minimum is around, guaranteed minimum is around 16 percent, and my guaranteed minimum is around $140,000 a year, and I expect to be, after the second year, at about $180,000 to $380,000, going up there. So I should be at just about my guaranteed minimum at somewhere around the second year, and then I should be way over that.

COMMISSIONER MORRISON: One of your associates,

Mr. Anderson, you say, operates three marinas in the Bay Area?

MR. RICHMAN: That is right. That is where I got my expenses.

COMMISSIONER MORRISON: Is he paying at this rate, at the rate that you propose, do you know?

MR. RICHMAN: I am not certain, but he was one of the men that I checked with, and also Mr. Morgan Noble, who is here and can speak to that.

I don't know, sir, what he is paying at Jack London Square in Alameda, but I did check my costs with him and go over costs with him, and we are right on the ball. They were running 40 to 50 percent without mortgage financing, mortgage payments on your costs, and they have been checked very carefully.

I will be very happy, within the next week, to get these figures to Mr. Gimmy.

COMMISSIONER ROTHENBERG: Mr. Chairman, since both the staff and Mr. Gimmy have indicated some ranking preference on this, what I would like to suggest, if it is not inappropriate, is that we limit, for the time being, our progress on this issue to the two leading contenders, Mr. Richman's group, which certainly is the most profitable to the Port, and the Tecon group is not quite as attractive, but on the other hand they may have some financial strength which would make them an excellent fall-back candidate.

What I request is that we have the staff, in the process of verifying Mr. Richman's numbers and determining whether that is in our best interests, move forward, keeping the second proposal alive for the time being, because we have

two major issues that we have to resolve, one of which is whether a marina there is in everyone's best interests, given some problems the Bethlehem Steel people have pointed out, in terms of launchings, which I don't think any of these proposals have really taken into consideration to the depth I would like, and I would also like to hear from the Bethlehem Steel people at some point, because they are going to be going into a major expansion down there and, since they are the only party on the Port who is not a tenant, I think we want to make sure that whatever we do, we certainly don't want to do anything that is going to be to our financial detriment.

It would be silly to have a developer come in and spend a lot of money and then get swamped his first day in business. I don't think that is in anyone's interest.

Since we want to expedite the meeting, perhaps we could just have the staff continue to work with Mr. Richman, and keep the Tecon development alive for the moment, and just indicate to the other bidders, if this agrees with the staff's recommendation, that we appreciate their interest, but we are going to be concentrating on these other proposals, so we don't keep a host of parties worrying about this. Hope springs eternal, but I don't think it is fair to prolong the agony.

MR. OGDEN: Mr. Chairman, I would like to make one comment. I am a little unhappy about the way this whole thing is being conducted. The advertisement went out in the newspaper calling for proposals, and we spent quite a bit of money on preparing this proposal. It is quite expensive.

I don't mean to kick around figures for the press,

but it was a lot of money, and we submitted our best proposal, and we haven't changed it since that time.

However, we see a situation going on where other parties are making proposals, changing them continually, and being allowed to submit additional information after it has been called for.

I know this is a public group, and we would like to be treated the same way, rather than what we call in the development business a Dutch auction, and that is basically what is going on here.

I would like to see the thing stop at some point, and everybody considered on an equal basis at that time.

PRESIDENT RUDDEN: Can we answer that?

MR. DAVID: I don't know specifically what you are referring to. Changes?

MR. THIEMANN: Well, Mr. Gimmy interviewed each of these people more than once, I believe, and some of them did make changes.

For example, Mr. Richman originally indicated that he thought the City should finance the breakwater. He withdrew that. He amended his proposal, in other words.

I think when you talked to these people you asked them to make changes as well, didn't you?

MR. GIMMY: Well, I received additional information from Mr. Ogden, and also, through my suggestion, he did make one change in his proposal.

MR. THIEMANN: So he had the same treatment as the others.

MR. GIMMY: Well, it was offered to him.

MR. OGDEN: I appreciate that, but now we are back again. Mr. Richman doesn't have enough information in to support his proposal, and now we are asking him for more information.

COMMISSIONER ROTHENBERG: I think what we are talking about, Mr. Ogden, is, Mr. Richman has offered us a financial package that looks like it will be much more rewarding to the Port than the one your group submitted. We are saying that, given the fact that the Port is desirous of generating the maximum revenues they can down there, if he can fulfill that program, that is something we should consider.

MR. OGDEN: I understand your position.

COMMISSIONER ROTHENBERG: I lament the fact that we didn't have this financial information, also, because I think that is why Mr. Gimmy had to be so cautious in the words he used to evaluate the two proposals. That is why I am suggesting we keep two of them alive, so that we don't find ourselves chasing a high bidder who can't perform.

MR. YOUNG: Mr. Chairman, just to correct a misconception, I believe that the most profitable proposal to the Port of San Francisco is Mr. Owen's.

I also believe that we have a few other things, especially, that can be brought to the attention of the Commission, that would clarify our proposal a bit more, and we are prepared also to give an economic analysis in greater detail than we have provided to Mr. Gimmy, to Mr. Gimmy and to each member of the Commission.

Mr. Owen also has a few things that he would like to say to the Commission.

MR. OWEN: Gentlemen, our proposal has 640 slips. Of course, they are probably averaging a lot larger than to put 1,000 slips in there. You can put 1,000 slips in there, if you want small slips. These have a tendency to be in the larger area, to take care of some of the larger vessels that are available. It is very difficult for people owning larger vessels to find a place, a good mooring, today.

We have offered $180,000 as a minimum to the City. I don't know what the other numbers are, but apparently that is a reasonable number, and that is based on a projection we gave Mr. Gimmy that, in our best estimate, the minimum would be $334,000, and that is a conservative figure at that.

So we have many ways to go. Some of the figures we have are proprietary. We have consulted with one of the largest manufacturers and installers of marinas on the West Coast, and they have successfully put in about eight of them. We are not coming in here not knowing what the numbers are, and we can give you feasibility studies as in-depth as you want.

But, you see, when we first came up, we were told the City was going to demolish the piers and take care of all of that activity. A later communication, coming back up here to San Francisco, we find out that now the City didn't have the money allocated to do that, and we would have to assume it.

Yes, we had to change our proposal. We just had to add a couple or three more million dollars of costs. The breakwater, which the original proposal was, the City was to

put in. The City said no, they can't do that, so we had to recalculate our figures based on putting in the breakwater.

I agree with this gentleman here that if we want to really lay this out and make a proposal presentation, set the guidelines of what you want to hear and let us all come in and propose and lay it in front of you. Then you can see who has got the best opportunity.

PRESIDENT RUDDEN: Mr. Gimmy, what is your feeling with reference to greater input by all the parties that we have under consideration, or who have some concern about coming up with something more?

MR. GIMMY: Well, I think that probably, at the beginning, the specifications should have been much greater as to the requirements of the Port.

As I have indicated, Mr. Ogden, through his firm, Tecon, did the most professional job, and indicated that his project was feasible. He did a very careful study, and spent a great deal of money.

I don't know how much money Mr. Owen has spent on his particular proposal. My problem with Mr. Owen's proposal is that I have a feeling that the idea of condominiums in the Bay on a long-term lease is not politically palatable. Economically it may be the most financially successful thing that ever came down the line. But I can't tell, because I haven't been given any feasibility analysis or how many condominiums they could sell each year, and so on.

COMMISSIONER GOLDMAN: Mr. President, I think that, having heard this, and we have run quite a bit over at the

moment, I am a little uncomfortable. I sense from what we have heard that we really don't have the strong enough sense of which of the two plans, the two major ones you seem to recommend to us -- and I accept the fact that I think the feasibility of Mr. Owen's plan would be very difficult in this community, for a lot of reasons which are pretty apparent -- and since the staff is recommending a nine-week delay in reaching a decision, perhaps we could get a little more refinement, based on some of the conversation today, and Mr. Gimmy could report back to us at another date with a more definitive recommendation between the two leading candidates than we have had so far. It certainly would be helpful to us in reaching our conclusion.

COMMISSIONER MORRISON: Mr. President, I think that is a good point. I am very sympathetic to what Mr. Rothenberg said earlier, but it does seem to me that we can't reasonably allow one candidate to submit additional information and refuse to allow another to do that.

But it seems to me we ought to set a deadline, beyond which we will accept no more information from any of the candidates, and then proceed to a decision. I don't know whether that should be two weeks, or a month, or what. But parity of treatment has to be maintained.

PRESIDENT RUDDEN: I think so. I think you will agree with that, too, Harry?

COMMISSIONER BRIDGES: Oh, certainly. I was surprised at the implication.

PRESIDENT RUDDEN: Can we decide on a date?

MR. DAVID: I would think we could go until May 1, could we not, Harry, for additional information?

COMMISSIONER ROTHENBERG: Well, are we going to have resolved by that date whether in fact that is a good place to have a marina?

MR. DAVID: Yes, we will.

COMMISSIONER GOLDMAN: May I comment, before we close the issue? I think the parties -- and there are five of them, although there are only three here today -- are to be complimented, and I think we have to express our appreciation of the time they have already spent.

As with any situation, everybody does not come out on top, but I think it is the sense of this Commission that we should narrow the getting of additional information from the two that seem to be more realistic in the particular circumstance.

I would therefore recommend that we have a final report from Mr. Gimmy on the first of May.

COMMISSIONER BRIDGES: That amends the staff's recommendation to nine weeks for the deadline for further proposals or amendments. Right?

COMMISSIONER MORRISON: Mr. President, that was not my understanding.

MR. DAVID: I was relating to Mr. Morrison's question on what would be the last date to submit additional information as May 1.

COMMISSIONER BRIDGES: But I am saying, it doesn't cut down on the staff's nine weeks recommendation.

MR. DAVID: No, it doesn't.

COMMISSIONER ROTHENBERG: What is the magic about nine weeks?

MR. DAVID: This is the time our service agreement for the Moffit-Nichols study.

MR. YOUNG: Mr. Chairman, I take it you are not actually precluding Mr. Owen from submitting additional information?

PRESIDENT RUDDEN: That is correct.

COMMISSIONER MORRISON: We are inviting him to.

COMMISSIONER BRIDGES: That is the meaning of the motion, to answer the criticism you said a while ago.

MR. YOUNG: Very good.

PRESIDENT RUDDEN: Very well. We are suggesting that further information come in before May 1, but we still have the nine-week postponement for the staff to conclude their part of it. Is that correct, Ed?

MR. DAVID: Yes.

COMMISSIONER MORRISON: It is clearly understood we will accept no additional information beyond April 30. Is that correct?

COMMISSIONER BRIDGES: Is information the correct term to use here? Information does not necessarily mean changes.

COMMISSIONER MORRISON: Further submissions from the candidates.

COMMISSIONER BRIDGES: Submissions could be a better term, I suppose.

MR. YOUNG: May 1 is the deadline date?

PRESIDENT RUDDEN: May 1 is the deadline, or April 30, whichever.

MR. DAVID: Mr. President, Warren Simmons is here this morning, but is having a caucus right now, and has asked that his item be put over for a few minutes, and I wonder if we might go on to --

COMMISSIONER ROTHENBERG: That's crazy. Let's get this thing. Warren can get the press on his time, not ours.

MR. DAVID: Do you want me to start with that issue?

COMMISSIONER ROTHENBERG: Yes.

COMMISSIONER GOLDMAN: Are we skipping the calendar items?

MR. DAVID: Go back if you will, then, to 6, Harry.

MR. HUNTSMAN: Item No. 6 hasn't been taken, Mr. President. Item No. 6 on the consent calendar, request your approval of Licenses and Leases Nos. 9824 through 9830. The information is in your packets.

COMMISSIONER MORRISON: Mr. President, may I ask Mr. Thiemann to comment on the Standard Fisheries?

MR. TAORMINA: Pier 45, those are the last three bays, aren't they, Harry, that we have had at Pier 45 for the use of fish handling. Standard Fisheries wants to utilize it for moving fish that they presently handle on the other side of Fish Alley. It is consistent with what the concept of 45-B has been, and we felt that it really completed our entire pier. It will be the last one we can put in there.

COMMISSIONER MORRISON: So the space is going to be

used for fish handling?

MR. TAORMINA: Absolutely.

COMMISSIONER MORRISON: Thank you. Move approval.

(The motion was seconded, and carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

MR. HUNTSMAN: Item No. 8, request from Warren Simmons for use of 15,000 square feet at Pier 35 for a service facility.

MR. DAVID: Mr. President, when this request was made at your last meeting, I consulted with our bankruptcy attorney, Mr. Phelan. I received a letter from Pacific Far East Lines volunteering to give up 15,000 square feet of the space they have under license at Pier 35.

Our bankruptcy counsel has advised me that before you could consider the issue of leasing 15,000 square feet to Warren Simmons we would have to have the entire Pier 35 back from PFEL, not a portion of it but the entire pier.

Yesterday I sent a letter to PFEL asking them if they would voluntarily give up all of Pier 35, excusive of office space that they have on the second floor. I don't know whether any of their representatives are here. However, I have talked to Mr. Sal Tarantino briefly just before this meeting started, and he indicated to me he thought that they would be willing to do this, but, on advice of counsel, we felt that we could not take up the issue of Warren Simmons until in fact we have the pier back.

COMMISSIONER MORRISON: Mr. President, it seems to

me that that statement from Mr. David, though enlightening, does not meet the substantive issue. Regardless of whether or not the space is available, should it be granted to Mr. Simmons? That is the point I am interested in.

COMMISSIONER ROTHENBERG: I think what Mr. David is saying is that, until we get it back, it is a moot point, until we get the whole pier back.

COMMISSIONER GOLDMAN: Who is to make that determination? PFEL?

MR. DAVID: Mr. Lynch, I explained to the Commission that, on advice of counsel, I was told that we could not involve ourselves with the Warren Simmons proposal for the use of the 15,000 square feet of Pier 35 until we had Pier 35 back from PFEL. I explained that yesterday we sent a letter to PFEL, asked them to voluntarily give up the license to Pier 35, and we made the concession that they remain under some additional licenses that they have for office space.

MR. LYNCH: That is right. Our bankruptcy counsel has advised that the Port should not take any action regarding the license at Pier 35 until it again acquires control over it. He will be here later in this meeting to answer any questions and go into other aspects of his representation.

PRESIDENT RUDDEN: Warren, I think we discussed that issue yesterday, and it is still the same. Suppose we wait until the bankruptcy attorney comes in, and take it from there?

MR. WARREN SIMMONS: Mr. Orsi and Mr. Tarantino have to leave, if they could just state their position.

PRESIDENT RUDDEN: Is there anything that you can tell

us now?

MR. SAL TARANTINO: We took a position in our letter that we just handed Mr. Ed David on PFEL's position. Maybe Ed could read it, and it would give you our position, if you want to read it out loud.

MR. DAVID: This is to clarify some confusion resulting from your letter of March 21. The Port of San Francisco does not intend to take any legal action at this time concerning licenses No. 9387, 9378 and 9646, providing Pacific Far East Lines will consent in writing to the termination of License No. 9016 on the earliest date that the bankruptcy court will allow.

By agreeing to the termination of License 9016, the Port understands that PFEL is neither affirming nor rejecting any of the leases or licenses or other agreements presently existing between the Port and Pacific Far East Lines.

What this means, License 9016 is the master license, if you will, for Pier 35. These other three numbers are for office space within Pier 35.

MR. TARANTINO: Basically, what that means is that PFEL/s position is that we, as management, will recommend that we give up the terminal under that particular license number to the court, and then back to the Port, and then they can do with it whatever they wish, with the exception of all the office spaces as defined in those licenses, and we do not prejudice our position one way or another on any other leases or arrangements we have with the Port.

COMMISSIONER MORRISON: Mr. President, may I ask a question of Mr. David?

Mr. David, leaving the Warren Simmons proposal entirely aside and forgetting about it for the moment, is it to our advantage now to take back the pier?

MR. DAVID: Yes, sir.

COMMISSIONER MORRISON: Thank you.

COMMISSIONER GOLDMAN: May I ask a point of procedure here? If PFEL is prepared to give up its claim to its use of Pier 35, what then would have to be accomplished -- I guess Mr. Lynch is the best one to answer -- to accommodate that?

MR. LYNCH: We still need the court approval. In other words, the Port and PFEL are not the only people interested in this license. The other creditors have a critical interest in the bankrupt estate, and the court approval is needed, even if PFEL agrees, before we can take back the license.

It should be a mere formality, since PFEL concurs with the Port in this action.

MR. TARANTINO: This is an asset of the corporation, and therefore has to have the disposition of the court.

COMMISSIONER GOLDMAN: We appreciate the cooperation, sir.

MR. TARANTINO: So do we.

COMMISSIONER BRIDGES: There are two issues here. I agree with Jack. Leave aside Warren Simmons for the moment, and think in terms of 35. That is one question. We have to make a decision there on what the Port wants out of Pier 35 in the future. We deal with that, it seems to me, separate and apart from the Simmons question.

MR. DAVID: Well, the recommendation of the staff is,

because PFEL's last white ship arrives April 7, really they have no justification for having the license and control of our maritime pier, and what we are suggesting is to assign the pier, or license the pier, to California Stevedore & Ballast, which has been the terminal company and stevedore which has been operating that pier for Pacific Far East Lines for a number of years, and they would, in effect, manage the facility.

COMMISSIONER BRIDGES: Well, Pacific Far East, that is true, maybe they don't want the pier any more to service any ships, but they have an investment down there because of what they put into office space and things like that. That is the other question that is left.

MR. DAVID: Mr. Bridges, these licenses that are referred to in this letter, which Pacific Far East Lines is asking that I sign and send to them, these other three licenses are for the office space, and in this letter we are only asking for cancellation to the master license, but not the licenses for the office space.

COMMISSIONER BRIDGES: That is what I wanted to find out.

COMMISSIONER ROTHENBERG: Mr. President, I just have one question.

Whenever the bankruptcy judge comes up with some recommendation, perhaps it might be worthwhile, both in terms of justice to Mr. Simmons and also in terms of the very real differences of opinion among this Commission, that we schedule a special meeting as soon thereafter as we can legally do so, and just deal with this issue, so as to try and move the thing

forward to the extent we can, under the hope that it might occur before our next meeting. I don't know how the courts work.

MR. DAVID: Well, if you will, concerning the request of Warren Simmons, although we can take no action whatsoever until we get the clearance from the bankruptcy judge, knowing of his desire to take the 15,000 square feet, I had a meeting last week there with all users of the pier. By that I mean California Stevedore & Ballast and representatives for the various passenger lines that are utilizing the facility.

They indicated that if PFEL would give up the entire pier, they had no objection to 15,000 square feet of the facility being used as a service area.

However, I explained to Mr. Simmons, even before we can do that, we have to schedule a public hearing declaring that 15,000 square feet surplus to commerce and navigation. Is that correct, Mr. Lynch?

MR. LYNCH: That is correct.

COMMISSIONER ROTHENBERG: My concern is more direct, and that is, we have talked formally and informally in the past about the possibility of renovating or rebuilding that pier, and Mr. Vickers has pointed out from time to time the structural needs that have to be met. I think we should address that all at once.

I don't mean by that to delay the process, but I think we just want to make sure, in fairness to Mr. Simmons, that in the event we do grant him a license for some of that space, he has a realistic estimate of how long he is going to be there, and what may occur later on, so we feel everyone has

their options well advised, and two years from now, if we decide to tear down the shed and rebuild it, or rebuild the entire pier, or just renovate the entire pier, there are no questions about whether we misled someone in terms of the length of their stay or how their convenience may change during the interim during the construction period.

I think we need to devote a reasonable amount of time to that, so that Mr. Vickers can give us the benefit of his judgment, and we can get some insight from Mr. Simmons on what he feels his needs are, so that we get this whole thing worked out in advance, and don't end up in an awkward situation farther down the line, and get told that we made a moral obligation that we then can't fulfill.

COMMISSIONER MORRISON: Mr. President, other considerations are uppermost in my mind. I would like to keep Pier 35 in maritime operation to the greatest degree that we can, and that is the issue, it seems to me, we ought to address, and only if all of it is not needed for maritime use should we even think about leasing any space to Warren Simmons.

So the whole issue of the future use of Pier 35 ought to be the focus of our discussion, I think, and not an application by Warren Simmons to get some warehouse space.

COMMISSIONER GOLDMAN: I think we must be very clear in our minds now that we are talking about two very much separate issues. One is the lease which PFE has indicated they are prepared to relinquish and, secondly, how we treat the pier, and I have to keep in mind that there are possibly 200,000 square feet, and Mr. Simmons is seeking use of 15,000

of those square feet. I am not sure that we really have been making much utilization of the remainder of it. Mr. Vickers has his own concerns about the length of life of the pier, and how we might stabilize it.

I think there are people outside who have ideas as to what might be done for the development of it. I would like to say that that development might be something that would take place in the relatively near future.

If that were to be so, then we are talking about something very temporary as far as Mr. Simmons is concerned, and I think again, following Commissioner Rothenberg's thinking, we don't want anyone to be deluded into a state of mind that isn't clear.

I would look upon any usage by Mr. Simmons at this time as of a very temporary nature, and I think it would only be an accommodation for the immediate time, since it evidently doesn't require any major construction, with the understanding that he really should be seeking something more permanent elsewhere to accommodate a very pressing need that he has.

There are so many parts to the puzzle, I just hope that we can keep them all in their proper persepctive as we proceed, because we are running into time problems. PFEL has a time problem. We have the court to hear from. Mr. Simmons has to reach a conclusion. We don't want to be forced, as has been indicated, to being a party to some sort of delay.

Certainly we can't act upon it until the court has ruled, and then the question is, what is it we can do, or are there other ways of accommodating it?

I have mentioned, since we are on the subject, that there are other piers nearby that may not be as accessible, but they may be more practical, Pier 33 being an example. Now, there may be something that would interfere there. Or other facilities can be accommodated on non-Port properties away from the immediate area.

I think it is a problem that certainly is of concern to Mr. Simmons, because of the complexity of activities there, but basically it isn't too much different than what other centers do where they don't have their storage area on the spot, and I know that is something that we hope to be able to be of some help with, but I don't know that that is the solution.

PRESIDENT RUDDEN: I was under the impression that the arrangement which Mr. Simmons would make with us would take care of any future possibility that we would be using Pier 35 for some other purpose that would be of greater advantage to the Port. Is that correct? So under the circumstances, we can work that out.

I think the important thing is that, regardless of PFEL's position, since they will terminate their operations there, whether it is to the advantage of the Port to take back the pier at this particular time, and I gather from the staff that it is.

MR. DAVID: Oh, yes.

PRESIDENT RUDDEN: That is your recommendation.

Therefore, it seems to me that we are back to the original issue, the bankruptcy court, and we should move on

with that, and I think what Commissioner Rothenberg said a few moments ago, that, if necessary, we can hold a special meeting at any time, or if we could indicate now our approval of this, so that the bankruptcy court can move forward, and we can do what is best for us.

COMMISSIONER MORRISON: Mr. President, I understand the legal position. We would first have to have a public hearing on whether that part of Pier 35 should be declared surplus to maritime use. That, in my view, is the critical issue.

If there is any reasonable possibility of maritime use, then it seems to me foolhardy to rent 15,000 square feet to a nonmaritime user. I would say that is the priority, Mr. President, and I would be looking for a recommendation, a thorough investigation by our staff and a recommendation from our staff on future maritime use for Pier 35.

COMMISSIONER GOLDMAN: Mr. President, I would like to add to that.

If we are contemplating a temporary usage, which I sense is the feeling, this is a natural thing to consider. I think we have to know at the outset what the permanent solution is going to be, and why the temporary use is an important step along the way.

If we don't do that, we are going to find ourselves in the same position we are with so many tenants, where we start out on one set of circumstances, and time passes, and then it is interpreted to be something else, and then the question of moral obligation to somebody who is already there becomes an issue, and we won't be on the Commission when that

happens. We could conceivably be, but the people who have that problem to face at that time may see it in a different light.

I think we have to protect everybody, including Mr. Simmons, to be sure that,whatever we decide, it is perfectly clear as to what it represents.

I really have to suggest, Warren, that a more permanent solution really ultimately has to be dealt with, and it might as well be as quickly as possible.

MR. SIDNEY RUDY: Mr. President, we are perfectly willing, of course, to wait until the bankruptcy attorney arrives here this morning but, since the discussion is going the way it is, it seems to me that some statement on behalf of the Simmons project is necessary.

What we had proposed is that there be a lease for 15,000 square feet, and that it be subject to termination at any time by the Port on 18 months' notice. We understood the possibility that there might be another kind of development that would exclude this usage.

But it is also possible that there would be another kind of development that would incorporate this usage for the 15,000 square feet, which is a relatively small portion of the total 200,000 square feet.

I would like to make the point here, which seems to be lost in the discussion, that, while I am speaking officially for North Point Center, on this issue I am really speaking for a number of concerned groups in the community.

We had a service maintenance building on our plans

from the very beginning, approved by the key commissions in the City. Now, what is happening is that a suggestion has been made -- and we agree that it is a good one -- that we can open up more of the water frontage, give more of the view that so many people want, add 20,000 square feet to the park. All these things are for the benefit of the community, and the way it was proposed that we do that is to move the maintenance building into Pier 35.

So this is not something that originates with the Simmons organization, and I think you ought to understand that. This is one City. It isn't the Port over here and the Planning Commission over there and the Art Commission over there. This is one City. A lot of people would like to open up that space, and we are ready to cooperate to see that that is done.

COMMISSIONER MORRISON: Mr. Rudy, if I may interrupt, Pier 35 is not the only alternative, is it?

MR. RUDY: Well, it is the only practical alternative.

COMMISSIONER MORRISON: It seems to me you have been stating a case from numbers of points of view, but you leave out the point of view of the Port. It doesn't matter what happens to the maritime business of the Port. That surely can't be your position.

MR. RUDY: Excuse me. I would like to finish this very brief statement. The Port Commission will make its own decision as to whether the maritime needs override this need.

I simply am making the point that there is a public interest in having this happen. Now, you already have evidence from the Port Director, or a statement, that the people who are

most concerned with the use of Pier 35 at this time are agreed that the allocation of 15,000 square feet to the service building is not going to interfere with the present maritime use of Pier 35.

Now, you may have a plan next week, next month, next year, for some overriding maritime use which will require that our organization move out. At the moment, that doesn't happen to be the case, and it is perfectly clear that if you wanted to table this proposal as to the 15,000 square feet while you engage in a study as to the eventual permanent use of Pier 35, we might as well forget the whole thing. That kind of study doesn't take place in three weeks or three months.

COMMISSIONER MORRISON: Mr. Rudy, you already have a proposal before BCDC for another location, don't you? Why don't you go through with that hearing, and see what BCDC tells you?

MR. RUDY: Mr. Morrison, I thought I explained that the reason we are not doing that is that there are a great many people in the community who would rather not have the maintenance building there.

We believe we have the right to put the maintenance building where it is located on our plans, and if the Port does not allocate the 15,000, that is precisely what we will do. We will pursue our position that we are entitled to leave it where it is.

We are trying to cooperate with other commissions by pursuing this project.

COMMISSIONER MORRISON: Well, why don't you make

everybody happy and use part of your garage space?

MR. RUDY: Obviously, everybody is ready to have us do it by taking part of the space that we can't give up. We have got the parking spaces down to 948. We have financing and major leases dependent upon that amount of parking being available.

Apart from that, I understand we have a physical problem with the height of the floors in a passenger-car garage which makes it not feasible.

We have the whole project planned, as you know. We have retail space, restaurant space. We have lenders who rely on that parking garage. We went through that a long time ago.

Now, we have a proposal. It doesn't appear that it hurts anybody, the Port, the present maritime uses. We are prepared to make it subject to an 18-month termination. I think we have shown good faith, and we would like to have a reasonable, understanding response.

COMMISSIONER MORRISON: Another point, your assumption that the maintenance building has to be close by.

MR. RUDY: Yes. I think that is a good, practical assumption.

COMMISSIONER MORRISON: Have you rethought that?

MR. RUDY: We have thought about it for a long time. It is not practical. This isn't a shopping center that has, you know, lots of open area around it. It is a limited space. The construction had to be planned with minimum storage space on the pier itself, and I don't think any of you or any of us want to have the trucks running on and off the pier all day

long. We are to keep them off after 11:30. We are trying to preserve some kind of sanity in the operation of the center, and that is why the maintenance building and the adjoining service yard has always been a part of the plan, and everybody knew it.

COMMISSIONER MORRISON: You said that you thought you were making groups of people happy by suggesting the pier location, and you even said that it was their suggestion, not yours. Who are those people who suggested the pier?

MR. RUDY: It was the President of the Planning Commission who came up with this idea.

COMMISSIONER MORRISON: Who else?

MR. RUDY: I don't know, except --

COMMISSIONER MORRISON: You said community groups.

COMMISSIONER ROTHENBERG: Well, the President of BCDC called me up and said the same thing.

MR. RUDY: The Art Commission was constantly asking that we move the service building, if possible.

COMMISSIONER MORRISON: The only person who spoke with you about it is the President of the Planning Commission. Is that correct?

MR. RUDY: I don't know how many people have spoken to it. There are other people who want it done.

PRESIDENT RUDDEN: Do you have something, Toby?

MR. TOBY ROSENBLATT: Of the various hearings that have been conducted over the last two months, approximately, before the Art Commission and what was a review, if you will, by the Planning Commission of its prior approvals, which was

done at the requests of a number of people, principally the Telegraph Hill Dwellers Association, also others who have raised various questions, there were a number of people who testified at those hearings -- the Telegraph Hill Dwellers, Save the Bay Association, San Francisco Tomorrow, as well as a number of individuals -- who expressed their desire to both commissions that if any accommodation could be made from the then present or now still existing approvals that have been given by the Planning Commission, to create a larger park, in which a larger space would be devoted to more grass and a more passive kind of recreation area, then every effort should be made and bent in that direction.

Out of that desire, because I sit both on the Planning Commission and on the Art Commission, in order to try to reflect the desires expressed at those two commission meetings by a large number of people, a suggestion did come forward that exploration should be made about the possibility of locating the service activities in the existing Pier 35, so the park could be expanded.

Now, the particular format, in terms of Mr. Simmons' proposal to you in terms of the temporary use and the various conditions, are those things which he and the North Point Pier people have constructed in conversations with your staff.

COMMISSIONER MORRISON: But so far as you know, none of those people who suggested the pier took the trouble to look into the maritime question or consult the Port about it. Is that correct?

MR. ROSENBLATT: A number of those people have been

on various citizens' advisory committees, through the original BCDC --

PRESIDENT RUDDEN: Excuse me. Do you gentlemen want to leave?

MR. TARANTINO: We are going to leave, Mr. President, but we want to make one thing clear, for the benefit of the press.

This move on Pier 35 in no way affects our freight operations.

Thank you very much.

PRESIDENT RUDDEN: Thank you.

I am sorry.

MR. ROSENBLATT: On the various citizens' advisory committees, to go back to the one that originally assisted BCDC and the City Planning Commission in directing the now existing Master Plan for the Northeastern Waterfront, there were representatives on that, on those committees, from the Telegraph Hill Dwellers Association, from Save the Bay Association, from San Francisco Tomorrow, who were conversant with the historic discussions about Pier 35, its condition and the possible remodeling for future maritime use.

Specifically, at one time, the plan that Mr. Katz presented to this Commission, or referred to in his discussion last time before this Commission, was brought before that committee.

So the answer to your question, Jack, is that, while none of those people re-explored today the specifics of a new maritime use with Ed David and his people, they were conversant

with what we believe were all of the historic plans, and hence the possibilities that seem to be in existence now.

COMMISSIONER MORRISON: We know those historic plans, one after another down the years, have dedicated Pier 35 to maritime use.

MR. ROSENBLATT: There was, in several of those plans, in the remodeling plan, specifically the one that Mr. Katz referred to, which was the Bullock exploration, a considerable portion of that space which was to be devoted to what is known as commercial recreation, under the BCDC terminology. So there is clearly a mix in all the plans that have been discussed historically.

COMMISSIONER MORRISON: But none, I think, have discussed warehousing for restaurants on another pier.

MR. ROSENBLATT: No, but it doesn't foreclose the fact that you could have nonmaritime use coexisting with maritime use and not foreclose the possible passenger terminal or maritime use of that facility.

COMMISSIONER BRIDGES: Mr. Chairman, I am going back to what we were told at our last meeting and then put this over to this meeting, and what was repeated today, and that is, it is not so much a question of Warren Simmons wanting to get onto Pier 35, but he is being driven there by the fact that he submitted a set of plans to the various commissions. They approved those plans, and after he gets going, then they withdraw their approval, particularly BCDC.

Now, when the plans were submitted and approved, and that goes for City Planning, BCDC and the Art Commission, with

one change there, he goes ahead with these plans, and that is with the utility shed right where it appears in the plan, and then the commissions back off and say no, you can't do that.

Therefore, he comes to us and says, now, look, because of this reason, I would like to have the 15,000 feet on Pier 35, which puts this Commission over a barrel.

We had better stay with our position that Pier 35 is there for a passenger terminal, and a passenger terminal is one of those things where you have to have it, even if it costs you money. Even if you lose money, you can't put those two things together. If we are going to have a passenger terminal in this Port, we can't say, only if it makes money.

Unless we have got some other plans for a passenger terminal other than Pier 35, even though we know it is only good for four or five years, we have got to stick with 35.

And another point comes in. I asked the question last time of Warren Simmons; now, unless you have this utility shed, does that torpedo this whole development? He said, yes, he has got to have it.

Now, it is true, if it is not at Pier 35, it can be elsewhere. But I don't think it is quite fair, and it was stated again here today, that Warren Simmons went out, and I was surprised myself at all the time and money spent getting the various approvals or the various permissions from the various commissions, and then he gets going, and then there is a change.

That is what Mr. Katz was saying last time. Despite the change in plans, that it requires a change in plans, they want to move that shed somewhere. They don't care where, as

long as it gets away from that place, for what purpose? To make a little more room for a park.

COMMISSIONER GOLDMAN: Mr. Chairman --

COMMISSIONER BRIDGES: Just a minute, please. Look, I have shut up. I haven't said a word so far. I am going to say something on this.

On these big projects, the only thing the Port can point to when they say we are doing nothing and the Port is sinking, well, we are doing something. We are doing something about Warren Simmons. It has taken a few years, and we are not through with it yet. So we ought to get this straight.

Now, I am assured again, Warren Simmons has stated again today, that he got the approval of these various agencies. Is that correct, Warren?

MR. WARREN SIMMONS: We have the approval of the Art Commission, the Planning Commission, and it is our contention we have the approval of BCDC. BCDC contends we do not have the approval of the service building. We are going to go back before BCDC, and hope to get the approval, so that if we ever got evicted from the 15,000 square feet on Pier 35 on 18 months' notice, we have a fall-back position.

Commissioner Goldman, that is our permanent position, if we get ousted from Pier 35.

COMMISSIONER BRIDGES: But on the original plans on the utility shed, you got the approval of BCDC?

MR. SIMMONS: It is our contention that we did, but they say we didn't.

COMMISSIONER GOLDMAN: Well, may I comment?

COMMISSIONER BRIDGES: I will be through in a minute.

There is the point. My position on this Commission would be different. If it was a question of just wanting to have Warren Simmons extend the plans for the whole development and move onto Pier 35, it must be said, if we start renting a piece of 35, we do put a block in the way of another developer that comes along. And certainly anything, whether it is the rent from the pier, or the leasing of this 15,000 square feet, if that is going to harm or prevent holding onto Pier 35 or further development as a passenger terminal, we have got to say no, as far as I am concerned.

On the other hand, we have got a responsibility here that, if we can't find a place here or help out to get this utility shed somewhere, and that can block the whole development of the Simmons project, that is a difficult thing, too.

Where I stand, I don't know. I think it is important to me to find out if what Mr. Simmons is saying is correct, namely, he thought he had the approval of these other commissions, and after he gets going they withdraw their approval, and that ruins his chance of getting a bank loan. That is a pretty serious thing.

PRESIDENT RUDDEN: Dick?

COMMISSIONER GOLDMAN: I will yield to Mr. Morrison.

COMMISSIONER MORRISON: Mr. President, if I may, I have a question for Mr. Lynch, our attorney.

If the Port should agree to lease 15,000 square feet on Pier 35 to Mr. Simmons, in your opinion, would that action need to go before the BCDC for approval?

MR. LYNCH: Although I am the attorney, Chuck has worked more with BCDC. Chuck, do you have any feelings about that?

MR. VICKERS: I think it would.

MR. LYNCH: Okay. I will check into that.

COMMISSIONER MORRISON: So in any case, Mr. President, Mr. Simmons could not avoid a hearing, and he really ought to pursue the hearing that is scheduled for him.

MR. RUDY: Mr. Morrison, I want to help to answer the question.

Obviously, we have been in communication with BCDC. They have advised us that on the location of the building within Pier 35 they will rule administratively that they find no problem with BCDC approval, as long as it is in the other building.

MR. ROSENBLATT: May I?

PRESIDENT RUDDEN: The Planning Commission did not withdraw any of its approvals that it gave to Warren Simmons in August of 1976, and has not.

What the Planning Commission did was to request that all possible exploration be made of what the Planning Commission considered, from the standpoint of looking at the recreational amenities of the plan, to reconsider whether in fact that site could be devoted to park as opposed to the service building.

It did not withdraw any of the prior approvals.

What you might say is that, as we took further testimony, it occurred to us that maybe, as the park is to be under construction and as the plans could in fact evolve in a

way that seemed to be acceptable to the developer, acceptable to the number of people who testified to us, and it could be submitted to you people to see whether it was acceptable to you.

COMMISSIONER BRIDGES: One question. On the hearing you are talking about, in 1976, in the plans submitted to your Commission, right there on the plan there is a part at the end of the dock there that says utility shed. Right?

MR. ROSENBLATT: Right.

COMMISSIONER BRIDGES: That was marked there when you were considering giving your approval. At the same time, these other groups, such as the Telegraph Hill Dwellers, they were at that meeting, weren't they?

MR. ROSENBLATT: Right.

COMMISSIONER BRIDGES: And they had a chance to look at that plan, and that was the plan marked utility shed. Right?

MR. ROSENBLATT: I am not willing to say what they perceived. They can speak for themselves.

COMMISSIONER BRIDGES: Well, the plan that you approved, they were right there, and that plan was right before them, and they could look at it. Right? Never mind what they discussed.

COMMISSIONER GOLDMAN: Mr. Chairman.

COMMISSIONER BRIDGES: Wait a minute. I would like to have an answer to this. I have got the answer, I think, and that is, the Commission says yes, the plans were there, these other groups were there. The utility shed was clearly marked utility shed, in its present location, and Warren

Simmons is willing to go ahead with the plan in that form, and then we are finished with the question. That is where the shed will be built, and we don't have any problem about Pier 35.

MR. ROSENBLATT: Where we stand today is to explore whether in fact what we and the community groups consider to be an improvement in the park, albeit the original plan was approved and remains approved.

COMMISSIONER GOLDMAN: First of all, we must be very careful, Commissioner Bridges, to not confuse citizens' groups with no formal responsibility and official bodies that do have a responsibility. I don't think there is any more profit for us to criticize the Planning Commission or BCDC as it would be for them to be critical of us. As a matter of fact, I agree that we really have to pull all together.

We can't confuse what BCDC's position is, which we are really not privy to, and what the Telegraph Hill Dwellers or any other local group has to say, because they are speaking from a point of view without the authority to act.

Now, yesterday it happens I took a walking tour of the project, and it is coming along very well. I think it is exciting to be out there to see what is being done, and I recognize the difficulty that Mr. Simmons has here.

I think that the problem really boils down to something very simple. There is a cloud over the utility shed right now. He is looking to Pier 35 for temporary assistance, but he must have a clear-cut fall-back position which, in my opinion, would be the ultimate place where he would store the equipment, and I don't think the original plan, if you have a

problem with BCDC, is going to be that ultimate fall-back position. It may be.

But I think what you have to do is expand beyond that and find another one which is noncontroversial, where we would feel comfortable, if we were to act on the temporary use of Pier 35, we would know that there is some place where you would ultimately take care of this equipment, and then I think we could relate to it. But until he has a positive fall-back position, unequivocal, I think it is going to be a problem.

COMMISSIONER BRIDGES: Well, the other point on this, let's take the proposition the way it is made, or what is being proposed here, and Warren Simmons agrees that after he gets a notice from the Commission to get out, he has got 18 months to get out.

COMMISSIONER GOLDMAN: We didn't say that. He said that.

COMMISSIONER BRIDGES: The way it was discussed --

COMMISSIONER GOLDMAN: We haven't discussed that at all. That 18 months is nothing that has ever come before this board.

COMMISSIONER BRIDGES: That is what bugs me, too.

PRESIDENT RUDDEN: He did say that he would move.

COMMISSIONER GOLDMAN: But we must be very careful.

COMMISSIONER BRIDGES: I understand that, and that is what bothers me.

What we are saying here, now, look, when the Commission here, after this agreement is made, serves notice on you that we want you out, you have got 18 months. So one

month after the agreement is made with the Port Commission, if it is our judgment we want you out, he is stuck.

Now, I don't quite like that kind of thing, because that looks like double dealing. We reach an agreement here that Warren Simmons gets the 15,000 feet on Pier 35, and when this Commission serves notice, it is not up to him to say why are we serving notice. That is our judgment, for any damn reason we want to. We serve notice, get out. You have got 18 months to get out. I don't like that responsibility on this Commission, that kind of a proposition.

PRESIDENT RUDDEN: Harry, I want to interrupt you for a moment. Mr. Phelan, our bankruptcy attorney, is here, and I think that perhaps we should hear from him.

Would you let Mr. Phelan know?

MR. LYNCH: Right. First, I would like to request, since this concerns legal strategy concerning your pending litigation, that the Commission go into executive session, so that we can discuss this with Mr. Phelan.

COMMISSIONER ROTHENBERG: Can we just tail off this Pier 35 thing?

PRESIDENT RUDDEN: I think what we might do is, you take five now, and by that time we can clear the room and go into executive session.

COMMISSIONER BRIDGES: That is not what you meant.

COMMISSIONER ROTHENBERG: No. We have generated a lot of smoke, but I don't think there is anything we can resolve today until we get --

MR. DAVID: Mr. Rothenberg, I do think it would be

important. I would like to ask the one question. In terms of the cancellation of the PFEL lease, how long do you think it would take to get an approval of the judge of the bankruptcy court?

MR. ROBERT PHELAN: Well, it wouldn't come up for a trial before the court at least within 60 to 90 days.

MR. LYNCH: I think we have to advise that PFEL is going to concur.

MR. PHELAN: Well, then it could be done almost instantly. I think it would require notice to creditors. In any case, I think if it went before the creditors' committee, with the court abstaining, the creditors' committee would approve it.

COMMISSIONER ROTHENBERG: Should we just have Ed calendar, so all these people can go, just calendar a special meeting as soon as we learn from the bankruptcy judge, and then we can hash this thing out?

PRESIDENT RUDDEN: Yes. Do you have that on the record? Okay.

(Whereupon the Commission went into a brief executive session in another room. Short recess.)

MR. ROBERT KATZ: Gentlemen, may I ask a question on a point of order? Robert Katz, Telegraph Hill Dwellers. There has been a lot of talk on what our position was.

PRESIDENT RUDDEN: What we are trying to decide is whether we are going to go on with this meeting or whether we are going to put it off until next week, or part, or whatever. If you will just wait a moment, we will see.

It appears very definitely that if we go on with the balance of this calendar we are going to be here the rest of the afternoon, and there seems to be some mild objection to that. I think what we should do, Ed, is pick out the items that we can do and complete in a hurry, or those that are absolutely necessary.

And I was going to ask this. Would it be possible, would it be inconvenient for the commissioners to meet, say, next Tuesday, and complete this calendar?

COMMISSIONER GOLDMAN: Tuesday or Wednesday?

COMMISSIONER ROTHENBERG: I will be in Sacramento on Wednesday.

(The date for the continuation of the meeting was set for Tuesday, March 28, 1978, at 10:00 a.m.)

PRESIDENT RUDDEN: Let's look at the agenda and see if we can eliminate --

COMMISSIONER GOLDMAN: Mr. President, is there anything on the agenda that requires action today that can't be pubt off until Tuesday?

PRESIDENT RUDDEN: Exactly.

MR. DAVID: It would seem, Mr. Taormina, Item 14 is one.

PRESIDENT RUDDEN: Item 14 is one I think we should do immediately.

MR. TAORMINA: Mr. President, members of the Commission, Item 14 is Resolution 78-5, which is being submitted to three commissions: the Planning Commission, the Redevelopment Agency and the Port Commission. I would just

basically go into the resolve clauses very briefly.

The Mayor's Office is establishing a Central Waterfront District, which we outlined in yellow on the map to your right. It includes about 900 acres of land in the City and County of San Francisco.

The project is to coordinate the various city agencies and the various federal agencies, to try to develop an urban economic development strategy in that area. To that extent, the Mayor's Office has requested each of those commissions I named to put its support to a coordinated joint effort in this area, similar to what has been done in the redevelopment survey area just north of there, and to assign various staff people to work in concert to try to develop an economic development scheme in that area, primarily to attract industry to San Francisco, which would have a very positive effect upon the Port itself, which is one of the primary landholders out there.

COMMISSIONER BRIDGES: I move approval.

COMMISSIONER MORRISON: Mr. President, I am certainly in sympathy with the intent of the resolution, and I think we ought to give our approval.

I do think there is some danger that development there might interfere with maritime activity. The resolution is entirely silent on what kind of uses ought to go there, and therefore, I would propose the following amendment, that we include this as the second operating clause:

RESOLVED FURTHER, That such a joint effort must take fully into account the responsibility of the Port of San

Francisco to achieve, to the maximum extent feasible, the maritime development of its Central Waterfront property.

COMMISSIONER BRIDGES: I second that motion.

COMMISSIONER GOLDMAN: I just want to comment. I have no objection to it, but I don't think it affords too much of a problem, because the only maritime facility of any consequence is Pier 80, that is under Port control, being that Bethlehem Steel has a major piece in that area, and then of course this new marina development we discussed earlier today is the other principal maritime facility. I don't think any of these plans would in any way interfere with the operation of Pier 80, so I don't see a problem.

COMMISSIONER MORRISON: I would hope that is so. We don't really know what the plans are at this stage. It would seem to me that anything that goes in there ought to be compatible.

MR. TAORMINA: I could point out that the Mayor's statements with respect to this project, and the Secretary of Commerce, who was recently in town, the maritime area has always taken top priority in this area, and indeed, that includes Pier 48 and Pier 50, which are also under lease, and major maritime facilities of the Port.

COMMISSIONER BRIDGES: That was my understanding.

COMMISSIONER ROTHENBERG: I just want to make sure that by changing the language in here, since these other commissions are all voting on the same proposal, we don't throw a monkey wrench into this. That is my only concern.

COMMISSIONER BRIDGES: Would that be your opinion, Jim

PRESIDENT RUDDEN: Yes.

COMMISSIONER ROTHENBERG: Because the Mayor's Office wrote this, and all three commissions are supposed to pass on the same thing.

COMMISSIONER BRIDGES: Then I withdraw my second.

COMMISSIONER ROTHENBERG: The Department of Commerce, which is the lead on this, is pushing commercial activity down there. I think for maritime activity they would certainly be in support of it.

COMMISSIOENR MORRISON: Mr. President, I am not proposing any change in the language of the resolution, but to add one operative clause which seems to me vital to the interests of the Port, and I am sure the Mayor's Office would expect us to protect those interests.

This does not in any way effect what any other commission may do with respect to the resolution, and indeed, other commissions may amend it to serve their purposes better. So I would move the adoption of the amendment, the addition to the resolution.

COMMISSIONER GOLDMAN: I would like to comment. I think as long as it is made note it is an addition to the resolution that the Port Commission wants to see favored, I don't think it is going to confuse the issue. I think Jack is right, but others may want to add something, too. It takes nothing away and it doesn't confuse, other than to make a positive statement, so I would feel comfortable with it.

PRESIDENT RUDDEN: Would you state what it is again?

COMMISSIONER MORRISON: It would add a second

operative clause after the first resolve:

RESOLVED FURTHER,That such a joint effort must take fully into account the responsibility of the Port of San Francisco to achieve, to the maximum extent feasible, the maritime development of its Central Waterfront property.

PRESIDENT RUDDEN: Do I hear a second?

COMMISSIONER GOLDMAN: Second.

PRESIDENT RUDDEN: Is there any objection?

COMMISSIONER BRIDGES: I guess it won't make any difference.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

MR. DAVID: We would put the rest over until your Tuesday meeting at 10:00 o'clock.

COMMISSIONER GOLDMAN: I move adjournment.

PRESIDENT RUDDEN: Well, first of all, I would like to ask if there is anybody here who objects to our rescheduling these things until next Tuesday? Mr. Katz, I remember you had a word to say.

MR. KATZ: I don't object to anything. So it means I have to come back on Tuesday.

PRESIDENT RUDDEN: Go ahead. How long will it take, one minute?

MR. KATZ: I did not come here to oppose or approve anything. It is not my function.

Our organization is one of the few civic organizations that always, in its public statements, supported the maritime functions of the Port first, before everything else, and our

concern is to keep the options for Pier 35 fully open. That is what we were going to talk about.

I do think that one thing needs clarification, and that is the BCDC permit. Commissioner Bridges asked about it. In researching the material, we did go to BCDC and asked for a copy of the permit, and the permit does not include the maintenance building. So BCDC's position is that they never granted the permit, and Mr. Simmons was under the impression that they had, and it is a difference of opinion. But the permits that I saw did not include any maintenance building, nor did Exhibit A at the Planning Commission that I was shown show any maintenance building marked as such. It seems there is a second Exhibit A which does have it, which I was not shown.

COMMISSIONER BRIDGES: Before we adjourn, I want to state for the record, we still have to act on the question of the fireboat. I just want the record to show that the Commission will be appearing before the Board of Supervisors on April 18 on the question of financing the fireboat. That is a darn good day, because it is the anniversary of the great earthquake and fire.

(Whereupon, at 12:20 p.m., the meeting was continued to Tuesday, March 28, 1978, at 10:00 a.m.)

SAN FRANCISCO PORT COMMISSION

March 28, 1978 Continuation

of

Regular Meeting of March 22, 1978

Minutes

APR 25 1978

DOCUMENTS DEPT.
S.F. PUBLIC LIBRARY

Board Room

Ferry Building

Reported by:

SARAH W. HUNTER

SINCE 1931
HOTCHNER REPORTING SERVICE
DEPOSITION NOTARIES
HEARST BUILDING
THIRD AND MARKET
SAN FRANCISCO, CALIFORNIA 94103
PHONE 434-1055

COMMISSIONERS PRESENT:

James J. Rudden, President
Harry Bridges
Richard N. Goldman
Jack Morrison
Alan E. Rothenberg

COMMISSIONERS ABSENT: None.

ALSO PRESENT:

Donald Boyd, Sales Manager
Edward L. David, Acting Port Director
Julius E. Herren, Director, Fiscal & Administration
James E. Huntsman, Secretary
William Lynch, Deputy City Attorney
Anthony J. Taormina, Deputy Port Director
Harry J. Thiemann, Commercial Property Manager
C. L. Vickers, Jr., Chief Engineer

C O N T E N T S

		Page
9	Continuation of Special Meeting of March 3, 1978, Ferry Building/World Trade Center Development	1
10	Report by Staff on Billboards	45
11	Report by Staff on Marketing Strategy of San Francisco Port Commission	55
12	Request Approval to Enter Into Standard Agreement with Williams Company for Operation of Public Restrooms at Fisherman's Wharf	70
13	Request Approval to Extend Standard Agreement with D. L. Glaze Company for Investigation Work	75
15	Request Approval of Urban Development Action Grant Application for Improvements at Piers 19 and 23	77

P R O C E E D I N G S

PRESIDENT RUDDEN: This is a continuation of our meeting held last Wednesday, at which time we went into recess between then and now. Would you let the record show that this is a continuation of our other meeting?

With that, may we get under way?

MR. HUNTSMAN: Good morning, Mr. President.

Item No. 9, continuation of the special meeting of March 3, 1978, subject, Ferry Building/World Trade Center development.

Item 9.a is a request for approval to enter into a Standard Agreement with Gimmy & Hamilton for property appraisal of the Ferry Building, in an amount not to exceed $6,000. The Staff recommends approval.

Item 9.b is a request for approval to enter into a Standard Agreement with Charles Hall Page and Associates for development of design points of reference,in an amount not to exceed $22,500. The staff also recommends approval.

MR. THIEMANN: I forwarded with the back-up material for the meeting of last week a letter from Gimmy & Hamilton Associates with their proposal to appraise the Ferry Building, which of course would include the World Trade Center, and we do recommend approval of this contract, in an amount not to exceed $6,000.

COMMISSIONER GOLDMAN: Mr. Chairman, I have some questions of Mr. Thiemann, and I will incorporate both of the items into the questioning.

MR. THIEMANN: I have nothing to do with the second item, so I can't answer on that.

COMMISSIONER GOLDMAN: All right. You don't have to. I will just talk about the first.

What was the contract payment to Mr. Ciampi for the work that he had done?

MR. THIEMANN: Can you answer that?

MR. DAVID: I believe, Mr. Vickers, wasn't it approximately $8,000?

MR. VICKERS: Yes.

COMMISSIONER GOLDMAN: What is it that you are asking of Mr. Gimmy that is different from that which has been asked of Mr. Ciampi?

MR. THIEMANN: Well, this is an appraisal of the real estate and improvements thereon. This is to determine the market value, so that a rental value can be determined from the market value.

COMMISSIONER GOLDMAN: Wait a minute. I am a little confused here. I thought it had been recommended by the staff that we consider a developer/manager. Is that correct? Am I right or wrong?

MR. THIEMANN: I believe that was on the agenda several weeks ago.

MR. DAVID: That was on the agenda several meetings ago. However, when we had our special meeting regarding the Ferry Building, I believe two weeks ago Friday, we came up with some recommendations, which was not the developer/consultant but rather --

COMMISSIONER GOLDMAN: I thought it was a development/manager.

MR. THIEMANN: We didn't have manager in there, but consultant.

COMMISSIONER MORRISON: Mr. President, I think Commissioner Goldman is perfectly correct in objecting. It seems to me -- and I am sure that he will conclude that my opinions on the whole case are far from his, but on that point I think we are in agreement -- it seems to me we are getting the cart before the horse here.

I think we ought to decide what design terms of reference ought to be followed in regard to the Ferry Building, inside and out. Then we ought to determine the financial feasibility of the various alternatives we come up with, and then we ought to put the case out for bid.

Now, that is the standard way of going about these things. Maybe there are some defects in it. I would like to know what they are. But here we are proposing to do what amounts to an economic feasibility study before we know what we want to do with the building.

Now, in the March 3 hearing of this Commission we adopted proposals from the staff which said nothing at all about an appraisal by Gimmy & Hamilton, and said that we would ask for advice from proposed developers, from people who had expertise in the field, and perhaps could tell us how, appropriately and in a first-rate way, we could develop the Ferry Building.

Now, it seems to me, we are going contrary to what we

decided on March 3, if we go ahead with this proposal. So these staff proposals leave me in some confusion.

I have a further notion that, in view of the letter from Mr. Ciampi on February 15 -- and he says that he has completed his study now -- it seems to me we ought to take a look at it, and look at his model, before we go further with the case.

Those are my sentiments.

COMMISSIONER GOLDMAN: Mr. Chairman, may I complete my comments?

I find that, if the Port of San Francisco is going to measure up in any way to that which is anticipated for it, we must look at our assets, and we must relate to them in a meaningful way. We have been kicking this poor old building around now for months, and as we are sitting here today there are various opinions and various approaches, but nothing concrete.

Now, I respect Commissioner Morrison, but I question whether just going to bid is the way you handle all potential development. I know that there are many other ways, and I know that a facility like this is a lot more sophisticated and complicated than just a simple bid process.

But what we are doing so far, we are going through all sorts of delaying tactics of getting information -- and I agree with him -- without knowing what we are getting it for.

As we are sitting here today, there have been at least four firms that have indicated a positive interest in this structure. Our job is to evaluate these through our staff, and

determine how we can best take this facility and make it into something that is going to be both economically and aesthetically acceptable to this City.

If we want to settle for something of a mediocre result, I would accept the process that Mr. Morrison has suggested, but I think we are entitled to something better, particularly because this is known to be probably the finest piece of undeveloped real estate in the world. Now, if you want to question that, ask people in the real estate field. I think it is one of the most exciting things that this City could do, and if we do it right, it will give this Port a lift the likes of which we haven't seen, and which we desperately need.

Now, I think we have got to establish certain criteria of procedure. We started on this subject almost a year ago, when Mr. Thiemann came to us with the idea of moving PVO from where they are to the unused portion of the south wing on the ground floor, with some kind of a tie-in with George Lu, which I never quite understood, but I think that was what aroused some of us to say, hey, hold it, what are we doing here?

This thing has been dragging, and as we are sitting here almost a year later, I see nothing.

Now, it is frustrating to me to know there are people who have the capability of doing something meaningful for us, and we sit around wallowing in a kind of morass of nothing, hiring this firm and that firm, and not knowing what they are going to do.

As a matter of fact, it is even more confusing to me

to find that we have two sections relating to the same building, and two different people presenting two different plans, and one saying, I don't know what 9.b is doing, and the other one saying, I don't know what 9.a is about.

My question, Mr. Chairman, is, what in the world are we going to do with this building? Are we going to sit here and keep dragging on our heels, or are we going to do something meaningful? I know it can be done, and I know it can be done effectively, and I know it has been done in other communities, and I know of firms that have done a most successful job, other than on a straight bid basis where we lay out the parameters, because, first of all, I don't think we are capable of laying out the parameters for what this building could be, if we are going to call upon the private sector to develop it.

I would rather hear from them, instead of spending $8,000 here, $6,000 there, $22,000 there, and building up these expenses, and then we will all do this thing ourselves, and we don't even know if we agree with one another.

PRESIDENT RUDDEN: Ed, what do you have to say about that?

MR. DAVID: Mr. President, with all due respect to the Commission, the staff is as frustrated as I believe the Commission is regarding the Ferry Building. The staff believes that, short of our Pier 80 and our Pier 94-96, this is the greatest asset the Port has, the Ferry Building.

I personally have been frustrated for 17 years in terms of its underutilization, and we want to move this thing along.

The staff made a recommendation, perhaps two or three months ago, where we felt, it was the idea of a developer/-consultant, if you will, approach to moving this project along. We learned, and I am confident, that our approach was wrong, that you just wouldn't get a good product from a consultant/developer, because in fact a good one would be an individual who would ultimately want to develop the building, and he is certainly not going to give away his trade secrets under a nominal contract.

We felt, from talking to developers, and we have talked to at least four that have expressed some interest in the building, I think at least three of these four have indicated to us that before you can offer this building there are certain things that have to be done to do a job.

We recognize that it is not a building, because we think it has to be done with sensitivity, that you can just turn over in a public bid process. It is something that has to be negotiated.

We have had some people say to us that it should not be turned over to a developer. We have had others say that the Port has the capacity to develop the building. But we felt ultimately, and we recommended to you in the meeting on March 3, that we wanted to take the first couple of steps that we felt were essential. One was an appraisal of the building to determine its worth on today's market.

Mr. Thiemann explained to me that this building was appraised some --

MR. THIEMANN: 1929. Oh, the ground floor was

appraised several years ago.

COMMISSIONER GOLDMAN: Well, let me ask the question, say you get the appraisal, what are you going to do with it? What in the world are you going to do with it?

COMMISSIONER ROTHENBERG: Well, let me defend Mr. Thiemann. I think we are sort of losing sight. I agree with a lot of your concerns about this thing, because it is taking forever to get this thing going, and I thought at that special meeting we all agreed that we were going to put out a request for qualifications and start seeing who was interested, and once again we are moving at a snail's pace.

But I would personally find it very attractive, an appraisal. Maybe this goes far beyond what I consider an appraisal, but I would like to know what this building is worth the way it is today, and perhaps the adjacent Ag Building, given the fact that we have seen this tremendous expenditure of public funds on Market Street. We have seen an unheard-of growth of high-rise office buildings along Market Street, all of which are adding more value to this building every day.

I think we have got to know what this building is worth the way it stands now, and therefore what rentals we should be getting the way it stands now, before we can decide what we should ask a developer or ourselves to invest in this building relative to what additional returns we can get, because I think what we are doing is not only cheating ourselves out of revenues, but unless we can come up with a value that we can all agree is realistic as to this building, we are not going to have any way to negotiate with any developer, because

what he is going to do is simply sandbag us by creating the illusion that the improvements that we are going to require him to put in the building so outweigh the residual value in terms of what is there now that we are going to end up with a very unattractive contract.

There has been a tremendous spurt in downtown values in the last couple of years, and I think we need to know from an uninvolved party what a fair market value of this building would be, so that we can start saying, okay, if we are going to ask a developer to put in X million more dollars, let's see what the resulting space of varying types would rent for.

I think we cheat ourselves by running without this. The last thing we want to do is to ask an appraiser to tell us how we should lay out the building or whatever, but any appraiser can tell us whether we would be better off, after surveying the surrounding space, in terms of just the mix, commercial and office type uses in the building, and he can tell us what the demand for space is.

The SP Towers now are 92 percent full, and they have got a waiting list already backing up, and they are getting substantial over-dollar rents over there, even on the lower floors.

I think we need a good appraisal, because we don't have people on board to start surveying all the building and determining what is around and what isn't. We need to come to grips with what this building is worth, so we can decide what we can afford, or demand of someone else.

COMMISSIONER MORRISON: If that were what were

proposed here, the proposal would probably meet with little comment, Mr. Rothenberg, but what Mr. Gimmy apparently has been led to believe is that he is going to come in and decide which spaces ought to be developed. He is going to appraise them, and then he assumes that on the basis of his work the building is going to go out for bid, and he even adds the comments that he would be very glad to review those bids for us.

It seems to me, again, that the preliminary work has not been done. We have got to decide beforehand, I think, on some broad design concepts, and then we need an economic feasibility study of each one of them.

COMMISSIONER ROTHENBERG: My point is, I don't want a feasibility study. I want someone to do a lender's appraisal of what this building is worth. In this case it would be to represent our interests as the landlord. I think that is a much simpler process, and I don't care what we are using the building for today, because I don't think we are optimizing the building.

COMMISSIONER MORRISON: Entirely aside from any proposal?

COMMISSIONER ROTHENBERG: I am ignoring this letter. I always read into a letter what I would like it to say.

All I want is an appraisal of what this building is worth relative to the values surrounding, and what the demand is. I couldn't care less how we are using the building today, because I think everyone here, including Harry, agrees that, if we would do various things, we could optimize

different arrangements.

COMMISSIONER MORRISON: Then I suggest we direct the staff to ask for that kind of proposal from Mr. Gimmy.

COMMISSIONER ROTHENBERG: On the one hand we are asking for aesthetic points of reference. What I want here is an economic point of reference, to know what it is we have we are starting with.

COMMISSIONER GOLDMAN: I have no objection. I happen to agree with you, but that isn't, again, what they presented.

My question is, very simply, how much is it going to cost the Port to get an appraisal of this building and what its economic value is, without all the other things.

PRESIDENT RUDDEN: Could we get such an appraisal?

COMMISSIONER GOLDMAN: Ask Mr. Gimmy.

MR. ARTHUR E. GIMMY: Well, basically, my proposal is for an appraisal. The procedure I outlined is to arrive at the highest and best use, so I can arrive at the highest value for the property.

Anybody who is going to analyze this property is going to determine what you can get out of it after it is developed to the highest possible uses in terms of retail and offices.

COMMISSIONER MORRISON: How can you determine the highest and best use when you don't know what we consider to be the highest and best use, and we don't know what we want to do with the building?

MR. GIMMY: Well, there are two factors here. There is what I consider to be the highest and best use as indicated

by the market, and, secondly, what your opinion might be of the highest and best use. You may desire to pursue a course of action for aesthetics or for historic reasons that may not be what a typical developer would do in analyzing the property.

COMMISSIONER MORRISON: So your standard would be the marketability of the building in its present form, using every space available in the building?

MR. GIMMY: Yes, sir.

COMMISSIONER GOLDMAN: How do you relate to -- again, I want to use the proper terminology, because a developer/-consultant is something that I don't even think exists. I think that the staff found that out. But a developer/manager does exist, and what I interpret that to be is somebody who has the ability to conceive, finance, build and manage the facility for an entity, in this case the Port.

How do you relate to that possibility, and how does that tie in to the kind of study you are doing if it is one of the choices? In other words, does your study take into account a different approach than just laying out parameters and going out to bid?

MR. GIMMY: Well, first of all, I am giving information I think that you should have in order to make a decision about a developer.

COMMISSIONER GOLDMAN: What kind of information will you give us? We don't understand.

MR. GIMMY: Well, I am going to tell you what the building is worth, the land and the improvements. I am going to tell you what its potential is, based upon certain

parameters.

Now, there can be variables here, depending upon the design characteristics for the ground floor.

COMMISSIONER MORRISON: And how can you tell us what the building is worth under those various design assumptions when you don't know what they are?

MR. GIMMY: Well, I can assume different levels of utilization of the ground floor of the Ferry Building, and I think that there are probably basically two positions.

From that, I can develop the rentable area under these two assumptions.

COMMISSIONER GOLDMAN: Are you going to be able to present to us some idea of the kind of financing it is going to take to bring this up to the various standards of value?

MR. GIMMY: Absolutely.

COMMISSIONER GOLDMAN: At the outside, what would you estimate it would take to make this building a first-class building, recognizing the landmark limitations?

MR. GIMMY: I wouldn't say.

COMMISSIONER GOLDMAN: One hundred million dollars?

MR. GIMMY: No, not more than ten.

COMMISSIONER GOLDMAN: Fair enough. It was mentioned in passing, I think, by somebody, that it would take as much as $30,000,000.

The reason I ask that, this place could conceivably be cleaned out inside and be reconstructed. I am not suggesting that it would be, but that is an alternative.

MR. GIMMY: Well, the way I look at it, there are

going to be various stages in this process. As leases come up and space becomes available, you will be upgrading space in the World Trade Center, and space in the Ferry Building should be done, probably, all at one time. You are going to be controlled, to a great degree, by the leases in the building.

COMMISSIONER GOLDMAN: Think of it in its entirety. Let's just call it one thing, the Ferry Building, because it is all one building, and whatever is done I think should be done in that context.

I would ask you then, do you envision that this building could be turned over to someone to develop and manage, or would you just want to have someone do the developing, and have the Port manage, or do you have any fixed idea?

MR. GIMMY: I think whoever is going to do it is going to want to manage it himself, definitely.

COMMISSIONER MORRISON: Mr. Ciampi has a plan for opening up the entire center of the building, in effect extending the street through the building and out to the platform, with the tower exposed all the way down to the ground.

Now, it is with proposals at that level of sophistication that you would have to be dealing. Do you think you could work around all those design possibilities and give us meaningful information?

MR. GIMMY: Well, I can't do an unlimited number. In my thinking I believe, of course, that you have to open up the ground floor through to the ferry terminal. This is going to be a key element in the rantal values you will be able to achieve on that ground floor space that will be remodeled.

As far as whether the bottom of the tower should be exposed, I haven't even seen these ideas, and I couldn't say.

COMMISSIONER GOLDMAN: Again, getting back to what the basic subject seems to be, if you agree that a developer/-manager is the ultimate approach in order to maximize the return to this Port, and I don't want to overlook that, it is going to take more than just a design. It is going to take a combination of design and function, and also utilization to the highest and best use and the highest economic return.

Again, I don't want to see us break it up into little pieces like we have done. This Ferry Building has been here a long time, and this Port has been here a long time, and we don't show much for it today, so I think we have to use some imaginative ways of upgrading it, and then proceeding.

All I am trying to encourage is that we think it through and come up with the most viable solution, which may be a lot different than the old standard pattern.

Now, I would be concerned with Mr. Ciampi's plan, because I would consider it to be, certainly, a contribution, but not the only solution, because I don't think Mr. Ciampi is going to develop it.

COMMISSIONER ROTHENBERG: Mr. President, maybe the way we can resolve this, I think my fellow commissioners, and to some extent I share their feeling, are worrying about asking Mr. Gimmy to do a development plan for us, which is sort of what lies underneath it.

What I think we want, Mr. Gimmy, and maybe we can break this in two stages, is some help from a firm like yours

now, giving us some projection of what the appraised value of this building is the way it stands today, and some perception of what all the new type space coming down Market Street, in terms of rental values and construction values, essentially saying, here is what your building is worth the way it is now, from all the three different approaches one can use, and then perhaps a second perception saying, it is clear, looking at how the building is used now, that rent levels are probably too low even for the building in its current space, or however you work out those assumptions, given surrounding similar space, if there is such space, and dealing with the issue of commercial uses on the ground floor versus office type uses, and then I think we would be doing you a disservice to ask you to get into the different alternative scenarios for how to deal with the aesthetic, historical and different type of interior redecoration, only because it is abundantly clear that neither the staff nor we know what we are doing, and it is unfair to draw you into this thing.

What I think we would like to see is to break this up into two pieces, sort of an as-is appraisal, as if we were a lender saying, we are thinking of making a loan on the building, what is it worth, and then maybe as we move farther on through the process and begin to get some insight from developers trying alternative plans at it, we have you look at it in a way similar to what you did with the marinas, where you can point out the inconsistencies among these developers.

Here, what we are asking you to do I think is very unfair, because we are asking you to make judgments about what

you think various people would be approaching us to do, and everyone on the Commission has their own misgivings about what they would like to see or not to see, and I don't want your work to get caught up in our personal feelings one way or the other. I would like to keep it as lofty as we can.

PRESIDENT RUDDEN: What are you thinking of in efforts of time?

COMMISSIONER ROTHENBERG: I want a quick and dirty of what the building is worth.

MR. GIMMY: I didn't spell out all the information you are going to get in my letter to you, because I didn't know if you wanted me to tell you that, but you are going to get all this information on rents and on various types of percentages you might get, and what the office sector would pay, and it would vary by location within the building. I propose to do all of this.

The final figure is the value of the building.

PRESIDENT RUDDEN: When would you expect that you would get that?

MR. GIMMY: My time frame is six weeks, I believe. It is impossible to do it any faster.

PRESIDENT RUDDEN: I think it has been brought out so much that we have been going on now for so many years, and I think we have to deadline a lot of the things we would like to see accomplished.

COMMISSIONER ROTHENBERG: Harry, what is your thought about it?

MR. THIEMANN: Well, surely there is no way that you

can put this building out for lease or development without knowing what it is worth, because there is no way for us to negotiate with the developers. That is a basic, as far as I am concerned.

COMMISSIONER MORRISON: Mr. President, let me ask Mr. Thiemann or Mr. David a question.

The proposed style of appraisal that Commissioner Rothenberg has suggested seems to me to be far more palatable than was proposed in your proposal to us, that is, a quick and dirty, as he styles it, appraisal of what the building is worth, so we would have some guidance in deciding what we want to do in the way of putting it out to bid.

Now, suppose we were to go ahead with the contract as proposed by Mr. Thiemann or Mr. David. It is going to take six weeks. What would you do in the meanwhile, and what use would you put that appraisal to after you got it?

MR. DAVID: Mr. Morrison, I think we can relate this back to our presentation we made on March 3, where we put together a six-month time schedule, and in fact the first issue was the appraisal.

MR. TAORMINA: Again, what was presented and adopted by the Commission in the special meeting was a format that we were to follow. The first opportunity we had to begin that was today's meeting.

COMMISSIONER MORRISON: What does that say there?

MR. TAORMINA: Indeed, what we are saying we wanted to start in March, we had various things that we were talking about. One was the design terms of reference, which is the

item coming next. We had independent property appraisal, and we had a code compliance requirement, which was to be prepared by our own department. All that would be begun.

We would in the meantime also be getting ready to prepare the RFQ, which would go out some time in April, or be actually issued in May, all of it leading to the eventual development of the building, which we are estimating is around a 180-day process.

Now, indeed, there are many things which will be going on concurrently in all this. Hopefully, the design terms of reference will be working. The Engineering Department, our own staff, will be working on the code compliance requirements, so that, indeed, when we get through the RFQ stage, we will have information which we will be presenting to the people whom we have selected as qualified developers to present a plan to us and the Commission, from which we will be able to make our selection.

COMMISSIONER MORRISON: Mr. Page's proposal, as you have presented it to us, said that he, too, will look at the inside of the building to see how it might be appropriately developed, though his main work would be the design terms of reference outside.

Now, suppose Mr. Gimmy's appraisal gives you certain figures, and then you get Mr. Page's work, and you find out they have no --

MR. TAORMINA: As I understand, Mr. Gimmy's --

COMMISSIONER MORRISON: Pardon me, Mr. Taormina. Suppose then you find you have no way of costing out what

Mr. Page is proposing?

MR. TAORMINA: I don't believe that those would run against one another, because I understand that they run in parallel paths. Mr. Gimmy's report would be solely on a property appraisal basis, Mr. Page's report on design terms of reference.

It is the developer that has to put all this together in a financial package.

COMMISSIONER MORRISON: Well, Mr. Gimmy says that he wants to tell us what the highest and best use of the space is, and maybe that has been modified a little bit by what we have talked about earlier.

The design terms of reference come in with a different plan for use of the building, and you have no economic feasibility of any plan.

MR. TAORMINA: Again, when we get into this, the design terms of reference will not lock a plan into the building.

COMMISSIONER MORRISON: It will essentially lock uses into the building. Otherwise, why do it?

COMMISSIONER ROTHENBERG: He is telling us what our alternatives are, the financial alternative paths, lease patterns, whatever.

COMMISSIONER GOLDMAN: Mr. Chairman, first of all, as a point of reference, I think whatever we do, both from the point of view of appraising and evaluation, we should incorporate the Agriculture Building with the Ferry Building as a combined effort, so in making our appraisal value I think we

should take that appendage down the road here and include it. I think it is very important for that purpose.

I also would like to comment that I think we have to give some credit to the people who do development work. I think there is some basic work, and I appreciate we have to have a format for the point of departure, but beyond that I think we can overkill here by trying to do too much of the work that those who are going to come forth with schemes for development are going to present to us.

COMMISSIONER MORRISON: Mr. President, I thought I was making a very simple point. You want a designer to give you design terms of reference for the building. Now, those design terms of reference are going to control the development that goes forward, aren't they?

MR. TAORMINA: I don't believe that they are in the sense of control. I think they are in the sense of more or less guidelines.

COMMISSIONER MORRISON: If they don't there is no point in doing it.

MR. TAORMINA: We can get into that right now if you want to get into this matter.

COMMISSIOENR GOLDMAN: May I ask one question? What are we talking about here? Utilization of this building for office space and retail utilization.. What is this whole business beyond that?

MR. GIMMY: Those are the two key uses. I grant you, it is going to be retail. It is only a question of how much area you are going to develop out of it.

COMMISSIONER GOLDMAN: That's all. Let's not get ourselves into a box here by talking in vague terms. Let's talk in specifics.

COMMISSIONER ROTHENBERG: I think the horse has died, gentlemen.

PRESIDENT RUDDEN: I think that we certainly can narrow this down and set up deadlines on what the most important thing to do next is, so we can go on from there.

I think, as Alan said, the horse has died. Let's get on with the show.

COMMISSIONER MORRISON: But he hasn't yielded up his secret before he expired.

COMMISSIONER ROTHENBERG: We are not sure what the glue is worth.

MR. GIMMY: I would suggest doing the Agriculture Building as a second step, and forging ahead on the Ferry Building as the first objective.

COMMISSIONER ROTHENBERG: I think we are going to find out that those two buildings are somewhat entwined, that whatever we do in one is the answer to the other. I think the same thing is true with whatever work we do with Mr. Page, because they ended up being isolated there in terms of their style and nature.

MR. GIMMY: I just mean that, appraisalwise, I can do the Ferry Building. There are many savings involved in doing the Agriculture Building after the Ferry Building report. It would just be a question of following one after the other.

COMMISSIONER ROTHENBERG: Why is that? Don't we

have the same issues to be covered all at once? That building is only 30-day leases, which gives us an advantage.

MR. GIMMY: It is just a time factor. I would like to have another 30 days to do the Agriculture Building, on top of that.

COMMISSIONER ROTHENBERG: I think we have a real problem of time.

PRESIDENT RUDDEN: I don't think there is any question about the relationship of the Ferry Building and the Agriculture Building, but here again, we may be veering off in directions that will cause us to slow up the Ferry Building.

I think, while we should be mindful of it, we should move ahead to accomplish the first things first, and then enlarge the scope, mindful, however, that this is the way we feel about the Agriculture Building.

COMMISSIONER GOLDMAN: Let's put this thing to rest by asking Mr. Gimmy, to give us an appraisal of the two buildings, what are you going to charge us?

MR. GIMMY: Probably another $3,000.

COMMISSIONER GOLDMAN: Maybe we should go out and seek other possible sources. That is getting pretty expensive, isn't it? It would be $9,000?

MR. GIMMY: I haven't even looked at the building. I am going to have cost estimators or subcontractors to work with me on this.

COMMISSIONER ROTHENBERG: But that is the whole point. I think that is where we are getting this problem. We don't want you to develop the building for us. We just want

you to tell us what it is we have now and what it is worth, and take some very ball-park estimates if we invested another $1,000,000, $2,000,000 or $3,000,000, and ended up with Class A space, and here is what the space is worth.

We don't want you to have to take the time to get caught up, because in essence it gets caught up in how you design it and how you lay it out. We don't want you to do that for us.

MR. GIMMY: Well, I agree with you on the design factor. I am not going to tell you how it is going to be designed. But there has to be like a high and low range I have to work with.

No matter what building I am appraising in town, I have to determine what the highest and best use is, because that is how any buyer --

COMMISSIONER ROTHENBERG: I understand. I want you to ball-park it, because what I am worried about is, we are getting you into doing a lot of detail work. We don't want you to be so far ahead of us that when we get your appraisal you have essentially led us down a trail that says, if you really want to make money on the building, here is what you have to do, which is inevitably part of what this trail is going to lead to.

We want you to tell us what we have got. That is the one key thing we don't have now.

MR. GIMMY: Basically, in terms of cost, I have to look at obsolete spaces, and say, okay, we are going to have new floor cover. We are going to have partitions. We are

going to have air conditioning, new ceilings, and we are going to have so many corridor areas, and so on. I am going to have to have a cost estimate for that.

COMMISSIONER GOLDMAN: The problem there, Mr. Gimmy, if you do that, then we are locked into it. Then a developer is going to come around and say, I have a different idea.

I think all we are really asking is, very simply, we have got 300,000 square feet, a lot of it under lease. The remainder of it, the ground floor, I would be comfortable saying it should all be retail. If you can give me a reason not to do it, that is okay. And the second and third, and maybe even the fourth, if it is developable, should be office space. It is that simple.

I don't want to make it a major project. We want to get a sense of the situation. We don't want you to determine the ultimate utilization of this facility. That is what I see. The same is true of the other building. Just call it office space.

COMMISSIONER MORRISON: Mr. President, I move that the staff work out a new work program with Mr. Gimmy, and have it before us for approval at our next meeting.

COMMISSIONER GOLDMAN: We are looking for a simple appraisal.

COMMISSIONER MORRISON: Exactly.

PRESIDENT RUDDEN: We will meet again next Wednesday. In the meantime, that will give you an opportunity --

MR. HUNTSMAN: The next scheduled meeting is April 12.

COMMISSIONER ROTHENBERG: I don't know if we can afford to. I hate to kill another three weeks.

COMMISSIONER GOLDMAN: For basic appraisals, isn't there a going rate you can supply?

MR. GIMMY: If you went out for quotes on this you would probably get figures up to $20,000.

COMMISSIONER GOLDMAN: Actually, for a simple appraisal, we can always expound upon it later, but just a simple appraisal, would the thing cost $9,000?

MR. GIMMY: The problem with a simple appraisal is that we have all types of different leases involved here. Basically, I have to estimate future rents over a period of maybe ten years before we reach a stabilized, controlled program on all your occupancies, and I have to work out estimates for each year, and your discounted cash flow. This is the only way, to my mind, that I can properly appraise this building.

COMMISSIONER ROTHENBERG: Mr. Thiemann, you had in here that Paul Fullerton did an appraisal for us, how long ago?

MR. THIEMANN: Just on the ground floor of the Ferry Building. That was about four years ago? Five years ago.

COMMISSIONER ROTHENBERG: I think we just have to calendar this for the next meeting. I think we can talk about it in the interim. We are not getting anywhere.

COMMISSIONER MORRISON: Mr. President, then I will amend my motion to this effect, that the staff immediately work out with Mr. Gimmy a new work program on the appraisal, and that the staff clear it with the commissioners by telephone,

and if the staff gets a majority of the Commission they go ahead.

MR. GIMMY: Commissioner, does that include the Agriculture Building, too?

COMMISSIONER MORRISON: Yes.

COMMISSIONER GOLDMAN: Cost and time.

MR. GIMMY: Very good.

MR. LYNCH: I would have to advise the Commission that its decisions, under the Brown Act, are to be conducted in public.

COMMISSIONER MORRISON: Wait a minute. This is only a decision. We can take the matter under submission, and decide it outside the public meeting.

PRESIDENT RUDDEN: If we authorize this, the Port Director will negotiate this. He merely calls the Commission and say, this is going to cost $3,500, and we will confirm that at the next meeting.

MR. LYNCH: It is my opinion you can delegate the authority to the Port Director to enter into this contract.

PRESIDENT RUDDEN: We are delegating --

MR. DAVID: Mr. Rudden, may I suggest, not that that would be the final figure, but that you authorize me to negotiate an agreement with Mr. Gimmy for the Ferry Building and the Ag Building, not to exceed $9,000 -- not that it would be that amount -- and I in turn will present you informally the negotiated agreement.

COMMISSIONER ROTHENBERG: And I think we should also give the Port Director the latitude that if he prefers to use

another firm, he can do whatever he wants. I think we just need to empower him to have an appraisal performed.

MR. DAVID: I understand what kind of appraisal you want.

COMMISSIONER GOLDMAN: I suggest, Mr. Chairman, that we authorize the Port Director to proceed with an appraisal of the Ferry Building and the Agriculture Building, at a cost not to exceed $9,000, to be accomplished over a period of six weeks, with the appraisal firm of his choice.

PRESIDENT RUDDEN: Is that a ball-park figure?

MR. GIMMY: That is very fine. Thank you.

PRESIDENT RUDDEN: If Ed negotiates it down to $4,500 with you --

Okay. That is a motion.

(The motion was seconded, and carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

MR. TAORMINA: On Item 9.b, which we spoke of briefly, at the same meeting on March 3, as we pointed out in our scenario, to submit an RFQ and RFP to developers, we felt it was very essential that we provide the developer with what we call design terms of reference.

These design terms of reference would basically include exterior design guidelines, recognizing that the building is historically significant, and that we felt that it would assist and aid the developer in having the maximum amount of information available in his evaluation of his project, so that he can in turn present the best and most

feasible plan to the Port Commission, which could be implemented in the shortest possible time.

At that meeting of March 3 you approved the concept and you approved the authorization for staff to enter into an agreement with Charles Hall Page for this purpose.

COMMISSIONER MORRISON: By the way, Mr. Taormina, what happened to the policy statements you were to have on our next agenda?

MR. TAORMINA: We had them at that meeting, but as I recall, that meeting was a quite lengthy one, and it was put over.

COMMISSIONER ROTHENBERG: What does that mean?

MR. TAORMINA: They were just put over, and we have not brought them back.

COMMISSIONER MORRISON: The staff has fallen into its old practice of arbitrarily taking things off the calendar.

MR. TAORMINA: Well, we can take those matters up as soon as we finish with this, if that is the pleasure of the Commission.

That the staff work with the firm of Charles Hall Page. We have developed an outline of a work program, which we sent to the Commission in the form of a Standard Agreement. The cost for the project is approximately $22,500.

We felt that, indeed, because of the importance of this project, it indeed does deserve the maximum attention of staff, and to that extent, an appropriation to the amount listed.

The objectives of the work program are primarily to,

one, determine and document the original design characteristics of the Ferry Building, the exterior areas, as well as the subsequent alterations thereto, since the building, from 1895 to the present, has gone through various changes.

Again, this is very vital and very important to a developer as to what indeed is remaining of what is an original or historical building, parts of which would be a composite photograph, elevation drawings of all the facade, which would be submitted to a developer.

COMMISSIONER GOLDMAN: Don't we have plans or something right now?

MR. TAORMINA: We have plans of the original building but, as I mentioned, the building has gone through various and many various changes, and we felt that the developer would never be able -- In other words, we could say, let's restore the building. If you look at the plan on the back page, the rear end of the building was quite developed, differently than what it appears today.

COMMISSIONER GOLDMAN: Why do we worry about the past? Why don't we start with the present?

MR. TAORMINA: Again, under the national landmark designation, if in fact the building is so designated, these would be issues and questions which would be raised, primarily, one, under the environmental impact report and, two, if indeed there would be any public funding with respect to the building.

COMMISSIONER GOLDMAN: If we maintain the outward structure that was as is, what challenge are we going to face?

MR. TAORMINA: That is assuming that that is the

developer's scenario.

COMMISSIONER GOLDMAN: Suppose we make it a condition that the outward appearance cannot be altered?

MR. TAORMINA: On the other hand, a developer may feel that in order to maximize his revenues he would prefer to make some exterior modifications, such as Commissioner Rothenberg mentioned, windows for the fourth-floor attic. There are no windows on the rear of the building presently. So these are issues and questions which, indeed, we feel that, rather than the developer having to address and going through the entire rigamarole of saying, can I do it or can I not do it, if they are addressed and answered early on in the process, then indeed the developer has a much easier manner in knowing the types of scenarios which he can basically do.

COMMISSIONER GOLDMAN: I am not disputing those things. I am thinking in terms of $22,500.

MR. TAORMINA: Well, again, this is for the work program that we have indicated, and indeed, rather than going through each of the points, I would like to maybe have Mr. Bruce Anderson point out how they arrived at that number, based upon the objectives. We have talked with them.

Indeed, if the Commission felt that they wanted to reduce it, indeed, the project still should be done. Cuts could be made in the project, but indeed we would be reducing the work program, and indeed we would have to make that as a very definitive decision, what do we want to reduce out of the work program.

COMMISSIONER GOLDMAN: Can we ask Mr. Anderson just

to give us a sketch of what the minimal demanded work would be, without getting into so much of the peripheral things. Do you have an idea?

COMMISSIONER MORRISON: Before we do that, Mr. President, let me ask Mr. Taormina a question.

What do you consider a person week to be? Is that a 40-hour week?

MR. TAORMINA: Yes.

COMMISSIONER MORRISON: Now, there is a section called sight relationships. What is there that is called for in there that Mr. Ciampi has not already performed?

MR. TAORMINA: In the context of what we are requesting to be done as a final product, the 35-page design manual, I don't feel that we have really been able to document the written guidelines that would be required to go into that document in Mr. Ciampi's report to the Port Commission.

Indeed, from what I have seen, there is the rendering, but no specific written document pertaining to the guidelines which would be the product of No. 3.

COMMISSIONER MORRISON: You have read Mr. Ciampi's letter of February 15?

MR. TAORMINA: I have not.

COMMISSIONER MORRISON: And you have read what he represents?

MR. TAORMINA: I have not.

COMMISSIONER MORRISON: You have not?

MR. TAORMINA: Can we have Mr. Anderson speak to the program?

Also, if the Commission so wanted, he is prepared to show some slides of another area which would show how, indeed, this kind of project, if it was undertaken, may give the Commission some insight into it.

COMMISSIONER MORRISON: Yes. By all means, let's hear from Mr. Anderson.

MR. BRUCE ANDERSON: Thank you.

Mr. President, members of the Commission, if you will allow me, I would like to back up a little bit. There are a couple of big questions that a couple of you have asked. I ask you to bear with me going through three objectives, three major objectives of this contract. In going through those three objectives, perhaps we could use the main buildings at Ghirardelli Square and, if you like, right next door, the Southern Pacific Building.

In both cases, you are talking about, obviously, major renovations. One served a purpose of attracting people of a commercial nature, tourists and so forth and so on, the other primarily office. Again, they are both renovations, but both respecting the basic character of the buildings they began with.

Bearing those two in mind, I would like to state the three objectives. Number one in this contract, what we are doing, attempting to do with you, is to provide a comprehensive package of design guidelines for the exterior areas of the Ferry Building. I want to emphasize, design guidelines, not a plan. We are not coming up with a solution. We are not coming up with a binding plan of any kind. We feel that is

inappropriate. That is what the developer will do, come up with a plan, particularly for the internal areas. We would not be addressing what should happen inside the Ferry Building. That is the kind of thing that the developer, with his own designer, his own architect, would do. We are talking only exterior areas.

COMMISSIONER MORRISON: Let me interrupt you. What is the meaning, then, of your statement on the first page, that you will also consider interior spaces as appropriate?

MR. ANDERSON: Interior public spaces. We were asked to do that by the Commission. That is my understanding. We have discussed this with Mr. Rothenberg, particularly the entrance area, and as we consider the connection from the front of the building to the rear of the building, depending on how you want to look at it, because the building functions as a transportation terminal.

COMMISSIONER MORRISON: So the design terms of reference will include interior spaces?

MR. ANDERSON: Public spaces, but certainly not office space.

COMMISSIONER MORRISON: But you must decide what public spaces are?

MR. ANDERSON: Well, that's true, Mr. Morrison. We would obviously be depending on the Commission and the staff to assist us with that, what is exactly to be reserved as a public space.

In other words, what the Commission says is not within the province of the developer with his designer to

renovate and lease, and again, we are talking about the walk-through primarily. Perhaps also under the arcades in the front of the building. Although they are not interior, they are not exterior, either. Those might be used for Saturday morning markets. Who knows?

COMMISSIONER MORRISON: Mr. President, it seems to me a major design question is, what should be the extent of the public interior space, and it is for that reason that we are going to the designers, to help us with that decision, so I think you make a mistake if you think that we have our minds already made up.

MR. ANDERSON: I am not saying that. I said with your assistance and with the staff's assistance as we proceed through the program. We certainly don't have a fixed idea about what it should be.

The second objective is to provide guidelines which address and which are consistent with the National Register and State Historic Preservation guidelines. We wish to do that so that this building, the exterior areas, the changes which can occur, are consistent with, again, both National Register and the State Office of Historic Preservation.

We talked about the attic space. I would not be a bit surprised if the developer of this building would like to do something on the Bay side of the Ferry Building. What we are saying is that there should be guidelines so that the Port Commission is in the driver's seat, in effect has its information, its policy that it has established for responding to developers' proposals.

Mr. Taormina started to go through the first element of the proposed work program, and its documentation. What you are talking about is to have a record, if you will, of the exterior of the Ferry Building today. What we have to do, and we have done this on other jobs, is probably, in this case, get up on the Embarcadero Freeway and shoot the building. I don't know how long it is, four or five hundred feet long, but to shoot the building with separate shots, and then come back and make a composite photograph of the front side of the Ferry Building, and do the same for the north, south and east facades of the building.

But that is important for considering any kind of changes which could be proposed by a developer or anyone else.

The second element of the contract is the identification of major design elements. This again is to be prepared to respond to changes to the exterior areas, so that signage proposals made by the developer, breaking through and putting in new windows, what kind of trim should it be, or what materials would be acceptable for making those changes? What are the possible colors the building could be painted if there were a decision to paint the building? Right now it is a gray color. You might have a developer come in and say it should be bright orange. That is a little extreme, but frankly, I think there is room for changing the color slightly, and that proposal could come in very easily by a developer. So, identifying the key design elements of the exterior of the building.

The third area, the site relationships, as specified,

is to talk about the layout, the existing off-street parking which exists, the potential for landscaping in front of the Ferry Building. Again, a developer might say, I want tree planters, I want window boxes on the outside of the building, and these are all things which should be considered by the Commission, because they affect the building, although they are not the building itself. This is why we have proposed the third area of site relationships.

The work program specifies a term, as per the proposal, of 105 days.

COMMISSIONER GOLDMAN: Question. Are there any of those procedures that we could forego at this time and, if need be, ask you to pursue at a later date?

MR. ANDERSON: Mr. Goldman, I don't believe so. We tried, despite appearances, to keep this to the bare minimum, but also keeping in mind the primary objective of giving the Commission and staff the kind of information it needs to respond to developers' proposals, and we believe this is the basic minimum package that the Commission and the staff will need.

MR. TAORMINA: I can only reiterate the problems that we encountered, one in the promenade project, which was required to go through a State Historic Preservation survey which had to be done, and indeed, in the private development of Warren Simmons, some of the delays in his project were essentially build around the fact that the federal EIS process and the state EIR process all have definite historical contingencies in it. Indeed, the Eagle Cafe became a problem.

All these became delays to the developer.

We feel, by doing this now in the project and in the proposal, that indeed the savings to the Port in the long run will be in the ability of a developer to get into the project, and not have to deal with these issues, which indeed create time delays, and which indeed then would mean loss of revenue to the Port.

COMMISSIONER MORRISON: Mr. President, the question of the design guidelines for the environment of the building and the site relationships were a major part of the Ciampi study.

COMMISSIONER ROTHENBERG: We got nothing out of the Ciampi. We have no reports. All we got were a lot of fine thoughts.

COMMISSIONER MORRISON: Well, I am going to suggest something to cure that in a moment.

Is it the staff's recommendation that we simply turn our backs on that study now?

MR. DAVID: Well, backing up, it seems to me that when you entered into the agreement with Mario Ciampi, it was a three-stage -- am I correct, Mr. Vickers? -- a three-stage service agreement. The Commission, as best I can recall, indicated that at the end of stage one they wanted to discontinue the agreement. I believe that this was done by Commission vote.

I recognize, from talking to Mr. Ciampi, that he did not discontinue his work. We discontinued the contract. But it was my understanding that the Commission's position was

that Mr. Ciampi's program went beyond the Ferry Building itself, and involved the area south and north of the building, and you wanted to isolate this to the building itself.

COMMISSIONER GOLDMAN: Mr. Chairman, to move forward, I would move that we approve 9.b, and authorize the Page firm to proceed.

COMMISSIONER ROTHENBERG: Mr. Chairman, I would rather we did it the same way we did the other one, that we authorize Mr. David, because I would like to see some of these costs cut down. With all due respect, I realize there is a lot of work involved here, but I would rather see us spend a little less money and get it a little quicker. Otherwise, a year from now we will be sitting around in discussion again.

PRESIDENT RUDDEN: Well, your motion would be that we authorize --

COMMISSIONER ROTHENBERG: That we authorize the Port Director to award the contract, but give him the flexibility to try and cut some time and money off this..

COMMISSIONER GOLDMAN: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

COMMISSIONER MORRISON: Mr. President, at this time I am going to move that, in view of the fact that Mr. Ciampi has notified us by letter of February 15 that he has completed the design work that he set out to do, and has constructed models of the Ferry Building and the surrounding area, that we ask Mr. Ciampi to appear here at our next meeting with all the results of his work, including the models, and go

through it with the Commission.

I might say that I have seen the model, and it brings out some very exciting design content.

COMMISSIONER GOLDMAN: I just want to comment.

COMMISSIONER MORRISON: Pardon me, Commissioner.

I believe that that will equip us to judge both the work of Mr. Gimmy and Mr. Page with much greater perception as we go down the line.

COMMISSIONER BRIDGES: I will second the motion. I have seen the model, too, and it impresses me.

COMMISSIONER GOLDMAN: I would like to comment, if I may.

First of all, there is a technical point as to whether it is an agenda item, but I would suggest that Mr. Ciampi completed his commission that he was asked to proceed with, and that is finished.

Now, what Mr. Ciampi has done on his own, it is perfectly proper for him to proceed, but not under any obligation to this Commission.

Mr. Ciampi, if he has a plan, I would suggest that he present it along with other developers at such time as we are going to seek development submissions. I don't think it is appropriate at this time to do other than that which is an orderly sequence of events. I don't consider Mr. Ciampi as on our agenda at this time.

I do respect the fact that he has something to offer, and he should come forth at the time he has completed his study, and then requesting of him and, as Mr. David has

indicated, at least three other firms who have expressed an interest, and establish some means of evaluating each of them and making a determination.

I don't want to confuse the issue any more than we have already had it confused. I think we have now established an orderly process, and as long as we have an orderly process, I think we should continue in that direction.

COMMISSIONER MORRISON: Mr. President, I am suggesting a way of clarifying the procedure, not confusing it.

The Ciampi proposal, the Ciampi work, as I understand it, is not at all a development proposal. It is a completion of the work that he was to do under the contract.

Now, it would seem to me very foolish of this Commission not to inform ourselves of some very important work that has been done. It will cost us nothing, only what we have paid, and I think we ought to look at it.

COMMISSIONER GOLDMAN: I have no objection to looking at it, but I don't want to become obligated to it.

(Several voices at once.)

PRESIDENT RUDDEN: He is only updating us on what we bought.

COMMISSIONER ROTHENBERG: Can we just get some clarification on this? Commissioner Goldman implied that Mr. Ciampi had some interest in being a developer on this project, and Mr. Morrison said that was not true. Ed, have you had any discussions that convey the sense of -- because we have a problem of conflict of interest if someone whom we paid to do some work now suddenly decides they would like to

take the other side of the fence. As long as it continues to provide us with some guidance, I don't care whether it costs money or not. I just want to make it clear what the net reward is on this whole thing.

MR. DAVID: No. I can only say this. One, we cancelled out the agreement by Commission action on Phase I of three phases. Mr. Ciampi has had me to his office, also, to see his work, and indeed, he undoubtedly has accomplished all three phases of it, after the enforced cancellation.

He has only informed me that, at the time the staff was recommending a consultant developer, if you will, that he might be interested in that, but only that.

PRESIDENT RUDDEN: Mr. Ciampi is sitting right down here. We can ask him.

COMMISSIONER GOLDMAN: Before you ask him the question, Mr. Rudden, since he has already invited a couple of commissioners to take a look at it, I will be perfectly happy to accept his invitation to come up to his place, and save time at this commission meeting, so that we are all aware. I don't think it is relative to the procedure that we are involved in now, but I think we do owe it to ourselves to know what Mr. Ciampi or anybody else might be designing.

PRESIDENT RUDDEN: Do you have anything to add?

MR. MARIO CIAMPI: Members of the Commission, my only concern was, at the time that we undertook this project, that the project was of such civic importance, and, in fact, a concern for all the community, that to begin an undertaking like this and then summarily terminate it would not do justice

to the undertaking or my concern for it.

So, within the parameters of the contract that I entered into, I felt it would be appropriate for me to do the project in a comprehensive way, and bring it up to a point so the Commission could use that material in order to make the judgments which they will be making in the future.

In order to do this, we developed not only the plans within the building but peripheral plans which we are taking about now, the site considerations, the environmental aspects of it, and the character of the building, so it could be viewed by the public as well, so they could see what the intentions were.

This material is ready now. We have also done a financial analysis of it. We know about what the Port can get out of the building. We have done all this work, and all we want to do is have the opportunity to bring it before you, so you can evaluate it, and do what you wish with it. I am sure it would be of help to you, and there are no financial demands at all.

PRESIDENT RUDDEN: We agreed to do that, but the one question we have asked is whether you intend to become a developer?

MR. CIAMPI: I am not sure what the future of the project holds. All I am trying to do is to do the best for the citizens of San Francisco. The Ferry Building is one of the finest historical monuments that has ever been done, and any way I can participate in that, I will be glad to do it.

COMMISSIONER GOLDMAN: Mr. Chairman, I think we respect Mr. Ciampi's offer. I would suggest that each of us

take the liberty of taking a look at it. You don't have to bring it down. We will come to you.

I think, since we are probably going to hire Mr. Page's firm to do some of the work that Mr. Ciampi claims he has done, I think, if they can gain by seeing this contribution to the betterment of our community, Mr. Ciampi, they, too, would welcome the opportunity to share this.

COMMISSIONER MORRISON: Mr. President, I think it is important work, and we should give it the dignity and respect that it deserves, by a presentation, formally, to this Commission.

COMMISSIONER ROTHENBERG: But it sounds like half the commissioners have already seen it. I just question what can be gained from it.

PRESIDENT RUDDEN: How long would the presentation take?

MR. CIAMPI: Maybe 30 minutes.

COMMISSIONER GOLDMAN: Mr. Chairman, there are a lot of people in this community who give a lot of their time to a lot of things, and we respect them for it, including Mr. Ciampi. I know. I have been to his office. I haven't seen this one, I don't think, but I know the work that he has done over the years in behalf of the City.

But we can't confuse procedure. If he has done something, he has done it of his own accord, as many other people have done. But if we start to invite everybody who has got an idea, and it is not following the procedure, we are going to continue with chaos.

PRESIDENT RUDDEN: Except that he isn't in that category, because we employed him.

COMMISSIONER GOLDMAN: We employed him to do it at a given date, and he is no longer employed. I think we might make that point clear. He did delay in getting the work to us. Talking of delays, there were many delays in his presentation, which was one of the frustrations, which forced us, unfortunately, Mario, to proceed. Now we have completed that, so we have to separate the formal activity from the informal activity. He has gone ahead and finished something, and I think that is wonderful.

COMMISSIONER MORRISON: Any commissioner can give this presentation whatever weight he wishes to give it, but the presentation is a good one and, in my opinion, I think we ought to hear it.

PRESIDENT RUDDEN: Any objection?

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothernberg and Rudden - aye.)

MR. HUNTSMAN: Item No. 10, report by the staff on billboards. Mr. David.

COMMISSIONER ROTHENBERG: Mr. David, Mr. Bridges had some questions that he wanted answered about what the impact of this would be on the revenues to the Port, and also, how many people this would mean would be fired or hired or whatever, and he thought it might take until the next meeting to get that result. Is there someone here that can answer those questions, or do we need to --

MR. DAVID: I can only tell you the revenue involved,

which is approximately $20,000 a year.

In terms of the employment factor, I could not answer that.

COMMISSIONER BRIDGES: That is for the whole Port, Ed?

MR. DAVID: Yes.

COMMISSIONER BRIDGES: I thought it was about 25 or 26 thousand.

COMMISSIONER ROTHENBERG: That is the old number, and that was the matter that caused us to consider it in the first place. They were going to reduce that to $500 a month, or something.

MR. THIEMANN: Well, there were some billboards removed.

COMMISSIONER ROTHENBERG: Right, and that reduced our revenues.

MR. THIEMANN: It reduced our total revenues. I think Ed is about right. I think it is around $20,000 a year.

COMMISSIONER ROTHENBERG: I thought it was like $500 a month.

COMMISSIONER BRIDGES: That is if we eliminate all the billboards.

COMMISSIONER ROTHENBERG: But here we are referring essentially to the northern waterfront, and I thought those signs were something like $500 a month.

MR. THIEMANN: It is much more than that.

COMMISSIONER ROTHENBERG: Well, it used to be $1,000, and then, when we changed Licenses 9748 and 9749, which is the

whole thing that brought this matter up, I thought the number ought to be much lower. I am willing to be corrected.

COMMISSIONER GOLDMAN: The total income is $20,000 a year, roughly. Is that correct?

MR. THIEMANN: Approximately, yes.

COMMISSIONER ROTHENBERG: Can you track that, Harry. 9748 and 9749?

MR. THIEMANN: Why don't you go on with the next item, and I will get the exact numbers for you.

COMMISSIONER GOLDMAN: I have some questions about the billboard situation. When was the last time there was an increase in the rent for the billboards?

MR. THIEMANN: January 1 of this year.

COMMISSIONER GOLDMAN: Is the lawsuit still pending?

MR. THIEMANN: Yes, it is.

COMMISSIONER GOLDMAN: Who is pursuing it, the billboard people?

MR. LYNCH: Yes.

COMMISSIONER GOLDMAN: Against Supervisor Feinstein?

MR. LYNCH: Against Supervisor Feinstein.

COMMISSIONER GOLDMAN: For what purpose?

MR. LYNCH: I am not familiar with the exact aspects, but I have conferred with the Deputy City Attorney who has been newly assigned to the case.

His advice is, and we both concur in this, that the Port Commission has an independent duty to take whatever action it considers appropriate under its responsibility, and the Commission should not be influenced by the suit either to take

action or not take action.

If the Port Commission does take action on the billboards, I would urge the Port Commission to advise that it is not being influenced by Dianne Feinstein or by the suit one way or the other.

COMMISSIONER ROTHENBERG: This matter, as I understand it -- maybe I am ill-informed, being a greenhorn on this Commission -- was brought about by one of our tenants, Ron Kaufman, I believe. He originally started this line of thought about a year and a half ago, because he took over some of the buildings down near the Embarcadero and found he couldn't lease the top floor because the view was the back side of a large billboard. I was under the impression that when he took over the development rights for that site some changes would be made in the billboarding, and that is what started it.

Then, when it came in to us, when those two licenses were brought in to us for changes which occurred largely because of the wastewater management disruption along the waterfront, we looked at the revenue numbers and said, since the City's Master Plan for the Northern Waterfront and several other public groups have suggested that we eventually eliminate those billboards, this gave us the opportunity to consider the matter, and that is how I thought we were getting in this, which was different than whatever Dianne had on her mind whenever she got into this whole matter.

COMMISSIONER BRIDGES: It is my recollection at no time did we make a commitment. I know the request came in, and especially this building, about the top floor, but at no

time was the Commission bound to eliminate the boards.

COMMISSIONER ROTHENBERG: I think we should just view this as a policy question about whether, in terms of the money we are spending on the northern waterfront, we would like to clean up those billboards, and I thought the revenues were relatively small.

COMMISSIONER BRIDGES: Except and apart from the matter of revenue, I am not going to act on this until I find out what the impact might be on putting a number of workers out of work, if any, and I would like to lay this over until we get some information on that.

It is all very well to have these wonderful ideas about the view and everything else being important, but to me a worker making a living and having a wage, etc., is important, too. I think it comes, maybe, before the view. So I want to get some figures on how many people are we putting out of business if we act on this.

COMMISSIONER GOLDMAN: Mr. Chairman, this matter was being heatedly discussed a year ago, and we were advised then by counsel that we couldn't proceed because of this lawsuit, and so the thing has been hanging fire.

Now, the issue has nothing to do with views per se. It has to do with the total value to the development of an area, and I wouldn't even personalize it as to one facility or another. The fact is that the total number of signs along the Embarcadero that are Port-related properties amounts to some $20,000 a year, and it is my considered opinion that the Port and the development of the area would be well ahead

if these are removed.

As I did a year ago in recommending that we take action to have them removed, I will repeat that, if it is in order, because I think it is in the best interests of the community and that particular area to get rid of those signs.

I think that income will be made up manyfold by making it a more attractive and aesthetically acceptable area because of the elimination. All you have to do is get up there and look at a couple of those signs, and they really are horrible eyesores.

If the motion is in order, I would like to make it now.

PRESIDENT RUDDEN: Well, Mr. Bridges has made a request, and I don't think another week or so is going to do any harm.

COMMISSIONER BRIDGES: I just want to put it over until we get the information. I would like to put it over to the next meeting, until we get the information on the point I am making.

COMMISSIONER GOLDMAN: How many people are here from the billboard companies?

MR. THIEMANN: Mr. Reid, from Foster & Kleiser.

COMMISSIONER ROTHENBERG: Perhaps he could talk to Mr. Bridges' point.

MR. ALBERT J. REID: Mr. President, members of the Commission, there is an old, trite statement that if you lose one job, that is one job too many. But the damage, as Foster & Kleiser perceive this, to the whole, I would not be prepared

to answer at this very minute.

It is not only the individual signs, but what that does -- and there is a motion before you, as I understand it, to immediately remove them -- the impact upon our entire operation. Mr. Bridges, I would have to go back and do some real hard figuring on that to come up with some answers.

We have our competitor here, and I have a feeling that they would probably have the same problem in giving you an immediate answer right now, because you are talking about immediate phase-out.

COMMISSIONER ROTHENBERG: I think you should be aware of what the staff recommended to us, that by July 1 we take down two of these billboards, we take down the rest of the ones north of Market by the end of the year, and that we provide until '83 for the billboards south of Market, with the exception that, as we develop various lots, we take down those boards immediately.

MR. REID: I was not aware of that.

COMMISSIONER ROTHENBERG: That is the reason I am saying that.

COMMISSIONER BRIDGES: All the billboards on the waterfront by '83.

COMMISSIONER ROTHENBERG: The problem we have here is, we have a 30-day lease arrangement which we are finding is meaningless because theoretically that means we can act in 30 days, and we get tied up in a lot of tradition, so we would like to be fair about it. That is why it is being recommended that we phase it, to give you some chance to amortize your

investment over some of these things.

We are mainly pushing north of the waterfront because that is the area that has been studied the most by the various city agencies, and there seems to be some general agreement that, as we develop it out, now would be a good time to act. Since we are investing such heavy public funds up there, we would like to take advantage of it.

Maybe that will have some impact on whatever homework you would like to do.

MR. REID: All right.

COMMISSIONER MORRISON: Mr. President, may I ask the staff, are their billboards between the bridge and Market?

MR. DAVID: Mr. Thiemann has the layout of the boards, I think.

MR. THIEMANN: This is the total waterfront, with the Ferry Building here. This is north, and this is south. Each arrow is a billboard, either a large painted bulletin or a poster panel. Some of them are back to back.

COMMISSIONER MORRISON: The reason for my asking is this, Mr. President. We are currently studying a proposed redevelopment area which takes in a good deal of the property south of the Ferry Building, and it seems to me that very probably that property ought to be included in the earlier phase-out, and not be left until 1983. I would submit that for staff consideration.

MR. THIEMANN: Well, we suggest that when the development occurs we would then cancel those billboards. That is not a lease for five years. It is still a 30-day

license.

COMMISSIONER MORRISON: I understand that.

Mr. President, I am certainly in favor of taking down boards. I do think both the companies have a right to be heard on the issue, though, and I think we ought to give them a couple of weeks to make their case.

COMMISSIONER GOLDMAN: Mr. Morrison, if you recall, a year ago they were given the opportunity to be heard, and then subsequently a lawsuit was filed after that.

I am prepared to second this motion and act on it now.

COMMISSIONER MORRISON: I understand that, but Mr. Bridges has asked a question. Mr. Reid has said he is not prepared to answer it.

COMMISSIONER ROTHENBERG: Mr. President, in deference to my fellow commissioners, I am prepared, if you want to delay the matter until our next meeting. We have postponed it so many times, let's just deal with it on April 12 on way or the other. Is that all right, Harry?

COMMISSIONER BRIDGES: Well, I'm trying to get the information. I am not quite sure now when I asked the question, but I will wait until next time and ask the staff why they are making the recommendation.

I do want the information. I am not so much concerned with Foster & Kleiser and some of those going out of business. I just want to know, when I sit here and take a vote, how many people am I putting out of jobs. That's all, if any.

PRESIDENT RUDDEN: All right, then, that is postponed.

COMMISSIONER GOLDMAN: I understand that the motion is simply being postponed, to be acted upon at the next meeting?

PRESIDENT RUDDEN: Right.

MR. ROBERT KATZ: Excuse me. May I make a suggestion?

PRESIDENT RUDDEN: Yes, you may.

MR. KATZ: I share Commissioner Bridges' concern for jobs, because views aren't any good unless people can see them, and if you don't have a job you can't go and see them, either.

I think, as long as you are getting information on how many people, if any, are going to be thrown out of a job, it would also be perhaps possible to get information on how many people are affected negatively by the billboards at No. 1 Lombard Street and other places mentioned, that also cost jobs if a floor cannot be rented and people cannot be employed there. That also is a consideration, so that the two then could be weighed against each other in terms of jobs.

COMMISSIONER BRIDGES: I can't see the need to get into that. You are talking about how many businesses will be affected adversely?

MR. KATZ: Yes.

COMMISSIONER BRIDGES: Or affected the toher way. Some people are in the billboard business to make money, and some people advertise on billboards to make money. When you get into how businesses are going to be affected one way or another, that is not my concern at the moment.

MR. KATZ: I was thinking of Mr. Kaufman, for

instance, who cannot rent a floor, he says. How many jobs would be lost if he can't rent that floor, that kind of balancing.

COMMISSIONER BRIDGES: My idea is jobs. I am very, very much interested in jobs.

PRESIDENT RUDDEN: Okay.

MR. HUNTSMAN: Item No. 11: 11.a, a report by staff on marketing strategy of the San Francisco Port Commission, and Item 11.b, request approval to enter into a Standard Agreement with Dodwell & Company, Ltd., for foreign representation for fiscal year commencing July 1, 1978, in an amount not to exceed $46,000. The staff recommends approval.

Mr. Boyd.

MR. BOYD: Mr. President and commissioners, we have presented to you for your review a marketing plan wherein we are looking toward the key objective of increasing the commerce through the Port of San Francisco, from the standpoint of developing additional cargoes through the Port, as well as a plan for acquiring additional tenants in the Port.

We tried to put the plan out in not too great detail, but a rather general plan, so that it could relate primarily to the key items that we are talking about, the market research and sales program and promotional efforts, along with the budget figures that we have indicated and have already been reviewed by the Commission.

I would like to mention at this time that, even though the plan that I have submitted to you shows the fiscal year 1978-'79, I would like to point out that a number of the

items that are mentioned in the plan itself are already under implementation.

I might suggest, in line with that, that our newsletter, which is a part of one of our sales tools that we have indicated in the plan, is proceeding apace, and I would suggest that within ten days we will be able to mail it out.

I would further like to suggest that so far as our handbook is concerned, we are moving on schedule with that, and Mr. Devine, whom we are working with on this matter, has already determined and put out a cost list, and has already proceeded so far as developing advertisers for the handbook.

I might also mention that,so far as commodity studies are concerned, we are trying to determine origins and destinations of commodities and particular shippers and consignees, and we have already commenced on that, also.

We have made a list of what we consider to be the major commodities currently moving through the Port, the circumstances under which they are currently moving, whether they are going to competitive ports or whether they are going to our activities.

We have determined the numbers of key shippers that are involved, who are the shippers, who are the receivers.

In order to try to use this information that we are securing, we have felt it would be far better, rather than to try to make a sales effort where you just push doorbells, so to speak, and take a shotgun approach, it is far more desirable to be a little bit more precise in what we want to do in the way of sales.

We have indicated also in these studies that we plan trips to the various parts of the United States. This is included within the amount of money we recommend being spent.

I have also included within the plan that we will continue the marketing representative, resident representative in the Far East Pacific in Japan.

Those are the general procedures with which we are trying to implement the program right now. There are doubtless a number of questions which you can put to me on this matter, and rather than just mouthing off these words, I will be happy to try to relate more specifically to questions you may have.

COMMISSIONER ROTHENBERG: Mr. Chairman, I would just like to ask Mr. Boyd, with respect to this specific contract, how do we measure what Dodwell & Company is going to do for us?

MR. BOYD: We are on Item b of my subject right now, so far as Dodwell is concerned, and if it is all right, I would like to incorporate that, too, incorporate that right now.

It is pretty hard, commissioners, to determine specifically what returns you are going to get out of this type of representation, and I don't feel that we are necessarily suggesting that we have this type of representation merely because competitive ports do, and all of them do, some of them in far larger fashion than what I am indicating here.

But I can't really, in numbers, sir, try to indicate, but what we are seeking is a broader type of coverage of shipping activities and shippers and trading houses in Japan, which we have never had in the past.

COMMISSIONER ROTHENBERG: But what I am questioning

is, I think we spent something like $50,000 a year employing Mr. Soules' buddy over there, and got zip out of it, and I am just concerned that we are changing -- Whenever we spend money in our firm, we always have some way of measuring what we get out of it. I realize how hard it is to relate directly to --

MR. BOYD: Well, I would sure agree with you on this score, Mr. Commissioner. If I were going to justify a resident representative in Tokyo on the basis of past performance, then I would really feel that it would be silly for me to even suggest that. Therefore, I have the hope that we can find a performance that is consistent with the demands that we are going to place upon them, where we will be able to determine some measure of the success of our relationship, as we have really never done it before.

COMMISSIONER ROTHENBERG: Well, have we talked with some of their other clients in this country?

MR. BOYD: Well, they don't represent any other port, and let me just mention for just a moment the background of Dodwell & Company.

Dodwell & Company is a Canadian organization which basically went into business some 100 years ago as a trader in the Orient, and they subsequently, as frequently happens, invovled themselves in steamship agencies.

In previous experiences, before I got to the Port, I related to Dodwell because they were agents at that time for the steamer line that I was working with. Incidentally, they have offices throughout the Orient, all the way from the

northern perimeter of Japan all the way down into southeast Asia and down around.

About four years ago, Dodwell, which, as I say, was primarily an entity unto itself, an independent trading house and steamship agency, became a part of a large English concern called Inchcape, and Inchcape is headquartered in London, and Dodwell is a subsidiary to them.

The manner in which we related to Dodwell, when we went out to seek a decisive representation, we went in many different directions. Dodwell was one that was high on our list from the very beginning.

We were fortunate in that one of the organizations which is also subsidiary to Inchcape, and is therefore associated with Dodwell, is located here in San Francisco, and that is Atkins Kroll & Company, who have been here for many, many years, and are an import/export house as well as a steamship agency in certain parts of the world that are not associates of Dodwell activities.

It was through Atkins Kroll that we developed the interest, tried to develop the interest in Dodwell, and their office here in San Francisco served us well in going to London and requesting whether or not they had an interest, and Dodwell showed sufficient interest that they had one of their people come out from Japan, and he spent a couple of days here with us, and this is the procedure through which we went.

Dodwell is, as I say, a prestigious organization. My personal opinion is that, if we concur that it is desirable to have this type of representation, and I say, yea, it is, if

for no other reason that we have got to develop our image not only here in San Francisco, but we have got to do it in the Orient, and there is a lot of information that should be forthcoming to us in connection with changing circumstances vis-a-vis the steamer lines and the rerouting of their vessels. We want to get that information, and if we only get that, sir, if we can only get some of this information before, as we historically have found ourselves, after the fact we are out chasing some steamer line that has already made a commitment some place else, because we haven't got this information, which frequently originates in the Orient.

COMMISSIONER ROTHENBERG: I have no problem with hiring a representative. My question is very narrow. How do you measure performance?

MR. BOYD: Well, I can't give you a dollars-and-cents reaction, and I know you don't want that, but I have tried to indicate what I think is the reward that we will get out of it.

COMMISSIONER GOLDMAN: Mr. Chairman, I would like to ask some fundamental questions. Mr. Boyd has indicated that a brochure is being made up, and a newsletter is going to go out. Fundamentally, how does this business come about? I get the impression that people somehow have knowledge of what is happening in the shipping industry. Do we have that?

MR. BOYD: I think generally we do.

COMMISSIONER GOLDMAN: In other words, do we know when somebody is coming aboard, or whether they are unhappy with the port that they are working with?

MR. BOYD: Do you mean as far as our specific relationships with our tenants?

COMMISSIONER GOLDMAN: Let's just go back one step, then. We know that Pier 80 is being used to a lesser degree than its potential. We know that Pier 94, after being in existence for a year and a quarter, doesn't have one user or any ship calling upon it. We know that Pier 96 is dependent upon PFEL, which may not be around for long, and it has two subtenants, Farrell and Columbus, which make an occasional problem for us.

So we look at Pier 94 and 96 as a combination, which is probably the finest facility available on the West Coast today that isn't really being used, and Pier 80 certainly could be used well beyond the area it is. Out there there are shippers all over the world, and Oakland is picking them up. There is a thing they just got, the World Trade Club, and here is a fellow from Copenhagen who dedicates a new container ground facility in the Port of Oakland, the Maersk Line.

These things are happening. Now, all this is great. It is going to produce something. The thing that troubles me is that I want to get to the fundamentals. What is it we have got here? Who is out there that can use it? How much do we have to spend just to find out if they are out there to use it, or are we capable of going out and making contact with them?

It would seem to me that we have been in the port business long enough that somehow we ought to be able to reach out, in a very general way, maybe, and say, hey, we have got

these beautiful facilities here. Come to us. We are ready for you. Am I misunderstanding?

MR. BOYD: I agree, sir.

MR. DAVID: Mr. Goldman, I think perhaps four years ago the Mayor appointed a blue-ribbon committee, which I think you were a member of, the Mayor's blue-ribbon committee on the Port. The Chairman was Mr. Glen Follis. One of the recommendations of that committee -- I am not using that as a justification of the Port today -- was that the Port did not do solicitation work. We did very little, if any.

The truth of the matter is, as I was discussing with Mr. Bridges before this meeting, we hired a number of salesmen, and in my opinion we had the chicken before the egg, because the truth of the matter was, our finger piers were outdated. We did not have the capacity to handle container ships, and the question was, why did we have four salesmen? What were they selling?

In fact, we sent a man to the Far East, Mr. Velson, and he came to the same conclusion, in correspondence that Mr. Bridges reminded me of today, that in fact we had nothing to sell, because we did not have the facilities to offer them to handle containers.

All right. We went forward, and we modified Pier 80, for an expense of approximately $6,000,000. It now has container capacity. We have Pier 94 with container capacity. We think we now have something to sell, and believe me, in my opinion we are starting at the very beginning. We are in a position where we are developing lists of potential customers.

We have not been in a position to visit the lines.

COMMISSIONER GOLDMAN: Just stop there a second. There is too much negativism. Look, we have been in the port business for 100 years. We have staff. We have Mr. Boyd, and how many other people who are in the field of sales and market-ong? How many people are working in that area?

MR. DAVID: Two.

COMMISSIONER GOLDMAN: Let's forget about that committee.

PRESIDENT RUDDEN: We did have salesmen. We had something like eight or ten, didn't we?

COMMISSIONER GOLDMAN: Whatever we had, it didn't work, and now we are talking about other things. I just want to answer Mr. Rothenberg's question. There is some fundamental stuff here. How many shipping companies are there in the world? A thousand? I mean, can't we get a list of every shipping company in the world? Can't we write a personal letter to every shipping company, duplicated, saying, we have these facilities, these are what they are, and we are interested in you?

COMMISSIONER BRIDGES: If we do that, we are a little better off than we were, because that was always the difficulty. The Port had to go out and try to sell itself to shipping companies of the world, and when they asked, what have you got to offer by way of this, that and the other thing, we had to say, well, if we get your business we will build the things, and that is a little different, because they have to understand these marketing programs.

Let's say we hire Dodwell. Let's say they go out, they do their best, and they come up with a big zero. That is the name of the game, it seems to me.

COMMISSIONER GOLDMAN: I am suggesting something else. I am suggesting we start at the beginning, not way down the road. For goodness' sake, how difficult is it to get a list of every shipping company in the world and send out a duplicate letter, if you will, and say, here is what we have got to offer. You know, every shipping company in the world. We don't have to worry about Dodwell or anybody else to make the contact for us.

I am not suggesting we have people traveling all day back and forth. Start somewhere where you are just saying to people, here we are.

COMMISSIONER BRIDGES: Let's start where we are. We are in the Port of San Francisco. Now, whether we do it -- I don't know from nothing -- Dodwell, they are the experts on contacting and doing the marketing job and selling. So we start from what we have got to offer. I want to get it down to what we have got to offer.

I understand we do have a little more to offer than four or five years ago, because what I told Ed David this morning, Velson, who was a competent man, went out, and when he came back he said he had a beautiful trip. He went here, there and everywhere, and what the hell did he accomplish? We had quite an argument over it, because he had nothing to sell.

It is a little different now. We do have 80. We do

have 94, and maybe we are going to have 96. Now, I just hope it is not too late.

It seems to me we have to go along with the recommendation of the staff, hire Dodwell, and say, go out and do your best. When he comes back and says, sorry, I missed, okay, that's our hard luck.

COMMISSIONER GOLDMAN: Harry, I have been selling something or other all my life. That has always been a concern of mine, and the problem that people face sometimes is, they are looking for someone else to do their work for them.

I say, we have got staff, even if it is one person. We have got staff, and what the staff should do is look at this thing and say, where do we start? I say to Mr. Boyd, send a letter out, just an invitation. It is much more important than relying on Dodwell, which is a subsidiary of Inchcape, which is one of the biggest companies in the world, which couldn't care less about San Francisco, and unless someone really cares and is out there plugging hard for it, it just becomes another exercise in futility.

I am not taking anything away from Dodwell. but Dodwell has got a big business before we ever came there, and the $46,000 bucks doesn't mean much to them, but it is critical to us. To rely on Dodwell to do our work in the Far East I think is a mistake.

COMMISSIONER ROTHENBERG: Maybe we should do both.

COMMISSIONER BRIDGES: I am no champion of Dodwell. If we can get some other marketing expert, I am all for it.

COMMISSIONER GOLDMAN: I am not talking about

marketing experts. Marketing experts is just a cliche.

We have two facilities that are desperately in need of use.

COMMISSIONER BRIDGES: Well, the Port is under a lot of criticism. All the critics, you know, are talking about what a bunch of bums we are, but none of them even have any decent idea of seeing it work. I am getting tired of being a commissioner, and everywehre I go they say, you are ruining the Port. And here is another story here.

COMMISSIONER GOLDMAN: Do you have any objection to our writing a letter to every shipping company?

COMMISSIONER BRIDGES: Hell, no, if it will do any good. Even if it won't do any good, I have no objection.

(Two voices at once.)

COMMISSIONER GOLDMAN: That is not the point. We have two excellent facilities that aren't being used.

COMMISSIONER BRIDGES: I am finished with the union I used to represent, but before I left I laid down a program to build this damn port here, and it was adopted by my union's convention last year up in Seattle, and that was very, very simple. And I went back and talked it over with the union on the East Coast. That is the union that covers all the ports on the East Coast and Canada, and we cover the West Coast and Hawaii and Alaska.

I said, look, Teddy, let's you and I get together and serve notice on all the ship owners of the world -- foreign countries, communist companies, fascist countries, the whole damn shmear, and say, get a committee over here to sit down

with us and work out things satisfactory to us. Otherwise, keep your cock-eyed ships out of all ports in the United States and Canada. And we can still do it.

COMMISSIONER GOLDMAN: How many companies have come here to see us?

COMMISSIONER BRIDGES: Give us time. Give them time.

But I am saying a part of that is that you want to put on a little pressure. But I am worried about what have we got to sell here? There is no use just going around in a circle over and over again.

I am for the report, because I can't think of anything better.

COMMISSIONER GOLDMAN: Well, I don't agree with you. I am for the concept, and that is, getting people to know what we have got. Instead of talking to ourselves, let's talk to the world and tell them what we have got. If we have got something to sell, let's go out and sell it.

COMMISSIONER MORRISON: I think everyone is struggling for a marketing and trade development program. I think the beginnings of a systematic program that will be evaluated year by year is before us, and I think this is the most encouraging thing that I have seen in the two years that I have been a member of this Port Commission, that is, the beginning of a real hard-hitting trade development program.

I think we ought to undertake this program. We ought to give it a strict evaluation at the end of the year, and if it is not doing the proper things, we ought to change our program, and we ought to evaluate the next year. But this is

the way we are going to put the Port of San Francisco back on its feet. I think we ought to move ahead on this, and I want to congratulate the Port staff for bringing this matter before us.

COMMISSIONER GOLDMAN: What have they brought before us?

COMMISSIONER MORRISON: The beginning of a trade development program.

COMMISSIONER GOLDMAN: Jack, I can't believe, in all the years we have been a port, I take nothing away from Mr. Boyd, because I realize he is picking up a lot of loose ends, but I can't believe there is anything unique in what is happening here.

COMMISSIONER MORRISON: Wait a minute, Commissioner. I have been here two years, and you have been here more than a year.

COMMISSIONER GOLDMAN: I have been connected with the Port for a long time.

COMMISSIONER MORRISON: Okay. Tell me what the trade development program has been in the last year or so.

COMMISSIONER GOLDMAN: I agree that it has been very bad.

COMMISSIONER MORRISON: All right, let's have one, shall we?

COMMISSIONER GOLDMAN: I don't think that this by itself is going to do us that much good, but if you want to consider it, it is all right with me.

PRESIDENT RUDDEN: Well, maybe we will have to do

other things.

COMMISSIONER ROTHENBERG: I will move the motion, Mr. Chairman.

COMMISSIONER BRIDGES: I just want to say I am for the program, and I am looking at it, maybe, from a pessimistic point of view. I think we have to take the chance, spend the money, and even if they come up with zero later on, they can only say we did our best.

Now, we have to take note, that is my information, as far as I know, I try to keep up to date, and Japan is on the verge of a real depression. That is going to have an impact on trade with our Port, and the same thing with many other ports in the Far East.

Then we go on the European side, and they have the same problems that we have: large-scale inflation, unemployment, and trade, of course, is going down. This is what causes problems.

But, knowing all those adverse factors are in the picture, I am for this report, because it shows at least we are trying. I am not going to cry my eyes out if Dodwell comes back a few months from now, sorry, I did the best that I could, but I flopped. That is the nature of the game here. We ought to face that.

At least the Port Commission might have an answer for critics then and say, well, we tried. Sorry, we struck out, and then come up with a reason.

COMMISSIONER GOLDMAN: Well, Harry, I won't settle for that, because if we are going to spend $46,000, I am not

going to go into it looking for some kind of negative answer. I want to see something positive.

I am perfectly happy to go ahead with this. I would like to have, in addition to it, a list of all the shipping companies in the world. I would like to also have from Mr. Boyd a description of what these facilities are we have available. I will help prepare a letter for you. If you don't want to pay for sending it out, I will be glad to undertake the cost to get a letter out, because I think that is where you start, and the rest of it is great if it will help, but if people don't know about it, this is just a lot of poppycock.

PRESIDENT RUDDEN: Do I have a motion?

COMMISSIONER ROTHENBERG: I moved it already.

COMMISSIONER BRIDGES: I am for the recommendation of the staff, and I am for Richard's amendment, if he has made it that way, to write a letter which he will prepare and pay for, to all the shipping companies of the world.

COMMISSIONER BRIDGES: If the Port can't afford it, and the ILWU won't take it.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden, aye.)

(Short recess.)

PRESIDENT RUDDEN: May we come to order, please?

Let the record show that Mr. Rothenberg had to leave, and excused himself.

MR. HUNTSMAN: Item No. 12, request approval to enter into a Standard Agreement with the Williams Company for the

operation of public restrooms at Fisherman's Wharf in the amount of $22,600. The staff recommends approval.

This is my item, Mr. President, and the back-up material is in the packet that was sent to you.

COMMISSIONER BRIDGES: There was no putting this out to bid? They got the bid last year.

MR. HUNTSMAN: That's right, and they were the only bidders for this operation last year.

COMMISSIONER GOLDMAN: The only comment I would like to make, Mr. President, and I don't think it is out of order at all, and this came up last year, and has been augmented in the interim, frankly, if the cable car extension were determined, obviously we wouldn't have this item, but beyond that, the ones that benefit mostly are the merchants in Fisherman's Wharf, and it would be nice if they at least shared in the cost of it.

COMMISSIONER BRIDGES: I think that is a hell of a good idea. Let's put the whole cost into it. They are the ones that are benefited by it.

MR. DAVID: We have tried that.

COMMISSIONER BRIDGES: We are under no legal obligation. They just want to keep people out of using their restrooms. I think that is a beautiful idea. It is time they did something for the Port.

MR. DAVID: Mr. President, that recommendation, as you know, has been made before, and we have discussed this with the Fisherman's Wharf Association. We have discussed it with the various merchants. Their position has always been unchanged,

that they represent maybe $2,000,000 in revenue to the Port, and feel that we have the obligation of providing the rest-rooms, and they have prevailed with the past Commissions.

COMMISSIONER GOLDMAN: May I suggest, Mr. President, that one way of bringing this to a head, and maybe we should have it, at the beginning at least, on a split-cost basis, suggesting to them that we are planning to discontinue it unless they are willing to share the cost.

PRESIDENT RUDDEN: Well, when Standard put up the station and the facilities there, subsequently, when Standard was leaving, they had the opportunity to move in and take it over, but they didn't do it.

MR. THIEMANN: The Fisherman's Wharf Merchants, we offered them the public toilets if they would operate them, and they refused. In fact, they demanded that we remove them.

They were no sooner removed than they started screaming that the public was coming in and using their toilet facilities without buying any merchandise from them, and so the Commission, about four years ago, went into this temporary arrangement, hoping that some day something would develop, such as the cable cars.

COMMISSIONER BRIDGES: Can't we figure out, this annual cost is $22,000, and survey all the restaurants right down there that are going to benefit from it, and divvy it up and add it to the rent?

MR. THIEMANN: They have leases, Commissioner.

COMMISSIONER GOLDMAN: Let me say this. I think we have to bear in mind, by itself the $22,000 is not a major

item, but we are being nickeled and dimed up and down at a time when we are about to lose a very basic part of our revenue, and at the same time when the Bank of America has been complaining about their being trustees of some of the bond money, and don't see this Port operating in a profitable manner.

Certainly, if we lose the income of PFEL, with nothing to offset it, we are going to be faced with some difficulties, and I think we have to be particularly careful. We cannot be so charitable in some areas where we really are not in a position to be.

As I say, I don't want to make a big thing of $22,600, except it is one of many things that are troubling, and that is why, frankly, I question Dodwell, and I question the amount of the Page agreement, not that I don't think these things are good, but can we afford to do it. I just wonder if we really can afford this $22,600.

PRESIDENT RUDDEN: Harry, you could discuss it with the Fisherman's Wharf people.

MR. THIEMANN: Thank you, Jim.

COMMISSIONER GOLDMAN: The question I am raising is, can we afford to maintain those public toilets?

PRESIDENT RUDDEN: Well, if we start to pass it on, they all have leases over there.

COMMISSIONER GOLDMAN: Except for one thing, Jim, we can have them removed.

MR. THIEMANN: Mr. Chairman, I was never in favor of these temporary toilets, but let me assure you that this Commission would have the biggest black eye it ever had if

you removed those toilets, because the public stands in line down there by the hour to get into those things.

(Several voices at once.)

COMMISSIONER GOLDMAN: I appreciate the problem but, as I say, that isn't the issue. The issue is, can we, the Port Commission of San Francisco, afford that luxury for --

MR. THIEMANN: I think you can for the $2,000,000 a year income that you have.

COMMISSIONER MORRISON: Mr. President, we have gone through this every year. I think we are spinning our wheels. I move approval.

COMMISSIONER BRIDGES: Harry, is it a nonunion operation?

MR. THIEMANN: I have never seen a man with a button on. I wouldn't know. It may be.

PRESIDENT RUDDEN: Do I hear a second, Harry?

COMMISSIONERE BRIDGES: I'll second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison and Rudden - aye; Commissioner Rothenberg - absent.)

MR. HUNTSMAN: Item No. 13, request approval to extend the Standard Agreement with the D. L. Glaze Company for investigation work, a period of three months, in the amount of $1,815.

The information is included in your packet, and the staff is recommending only a three-month extension of this particular contract, due to the fact that we are possibly going to have a risk manager operation in the City, and we don't know to what extent that is going to cover our insurance

investigations.

COMMISSIONER GOLDMAN: It is not a lot of money, but I am curious to know what they do.

MR. HUNTSMAN: The D. L. Glaze Company investigates all claims against the Port, liability claims against the Port, and reports to us with their recommendation, and from there we make our recommendation to the City Attorney, and the claim is settled.

COMMISSIONER GOLDMAN: Did you ever inquire of the insurance broker who places all the insurance on the Port if they would not provide this service for us? I know there is policy involved, but they earn quite a bit of money during the year, and I think we could save that $1,800 and ask them to provide that service.

MR. HUNTSMAN: Sir, the terms of our contract is a self-insured, which specifically states that no investigation or legal services will be provided by the insurance carrier.

COMMISSIONER GOLDMAN: I am not talking about the carrier. I am talking about the broker.

MR. HUNTSMAN: The broker himself?

COMMISSIONER GOLDMAN: Yes. The insurance broker that places the insurance for the Port probably collects commissions of, I don't know, $30,000 or more a year, and what does he do after he places the insurance? I say that it is not uncommon. In fact, it is practical that an insurance broker, for an amenity, provide these extra services. I suggest that you ask Mr. Day to provide these services. The next time you go out to bid you can keep that in mind.

MR. HUNTSMAN: Bearing in mind that this is a bid.

COMMISSIONER GOLDMAN: I just don't think you have to hire someone on the outside to do that, where he has the capability of investigating for you, or should have.

COMMISSIONER BRIDGES: Could that be done by the staff?

MR. HUNTSMAN: By our staff? No, sir.

COMMISSIONER BRIDGES: It is special.

MR. HUNTSMAN: It is. Experience is the main thing in investigations, in my opinion.

MR. LYNCH: I would like to state that the reports of D. L. Glaze are very thorough. Prior to coming down here I handled a lot of the Port's litigation, personal injury litigation, and I wish the other city departments had as thorough reports. It makes it very easy to defend and litigate the suits against the City.

COMMISSIONER GOLDMAN: Maybe it is a good investment, but I againwonder if there is a way to cut that.

I have no objection to it.

MR. HUNTSMAN: This is for the three-month period. I request that you approve it for the three months, and I will certainly check with Mr. Day, Curtis Day & Company, as to their doing the investigation.

COMMISSIONER GOLDMAN: We are talking about a $7,200 contract.

MR. HUNTSMAN: Annually, it is correct.

(The motion was seconded and carried unanimously: Commissioners Bridges, Goldman, Morrison and Rudden - aye;

Commissioner Rothenberg - absent.)

MR. HUNTSMAN: Item No. 15, request approval of Urban Development Action Grant application for improvements at Piers 19 and 23, Foreign Trade Zone. The staff recommends approval.

MR. TAORMINA: Mr. Chairman, members of the Commission, I sent you a supplemental memorandum on March 23 concerning this item.

The City is in the process of preparing applications to be forwarded to HUD in April for funding through a new program, which has appropriated $400,000,000 nationally. It is an Urban Development Action Grant. It has certain requirements, primarily that there is bona fide private-sector involvement.

The Port staff reviewed a number of possible projects which we felt would be eligible under the rules and regulations of the UDAG project grants, and we came up with the Foreign Trade Zone rehabilitation.

A summary of the program was also sent to you. Basically, the grant will provide what we feel will be the alleviation of physical and economic deterioration at the Port, primarily at the Foreign Trade Zone. It will not only upgrade the assets to the Port of that particular facility, but will have a positive impact in creation of jobs, both direct and indirect, here in San Francisco.

The benefits to the community have been well documented. Indeed, Mr. Osgood, who is the operator of the Foreign Trade Zone, and who indeed will be working together with us in implementing this program, has letters of interest from

various companies, which is required under the UDAG outline.

The project will also bring new revenues into the Port, which will be based upon an amendment to the current operating agreement, which will be down the line. Under the UDAG program, what you do is, you submit your application to HUD. If they feel it is an application which they will fund, they will then require signed leases and agreements to be submitted to them for final evaluation, so indeed, if HUD feels this is a project which they will want to fund through UDAG to the City and County of San Francisco, there will be documentation presented to them showing the exact financial participation of the private sector and the increases to the Port.

The City and County is now considering about six programs for submission in the first quarter, of which the Port is, in their opinion, a very qualified project, and one that they feel should be on the top priority of HUD when they go through the first go-round.

We all realize that this is the first time that this project has been put into effect, so the first round of applications will be looked at very closely by HUD, and I am sure there will be a lot of give and take between HUD and the Port and the City before a final determination is made on this funding.

COMMISSIONER BRIDGES: Move approval, Mr. Chairman.

COMMISSIONER MORRISON: Mr. President, just a question or so.

The application shows a nonfederal funding of $240,000. Your latest memo said $100,000.

MR. TAORMINA: Yes. When we met with the task force, we reviewed the funding that they proposed. They made some suggestions, and indeed the funding requirements now from HUD will be $2,700,000, and the private-sector involvement will be about $100,000.

COMMISSIONER MORRISON: What is the task force?

MR. TAORMINA: The task force was set up by the Mayor's Office of Community Development, which reviewed all these prior to their recommendation. They have approved the application to the Board of Supervisors, with the modifications that they requested.

COMMISSIONER MORRISON: So the Foreign Trade Services will put up the $100,000?

MR. TAORMINA: Yes. The Foreign Trade Services will meet the private commitment. There is no commitment of Port funds to this project.

COMMISSIONER MORRISON: And the private commitment now is $100,000?

MR. TAORMINA: The private commitment in cash is $100,000, The primary private commitment will come from the leasehold, which will be submitted to HUD, which we very generously estimated at around $7,000,000, and that is the return to the project.

COMMISSIONER MORRISON: And we have reason to believe that HUD approves this, that present arrangement?

MR. TAORMINA: Yes.

COMMISSIONER MORRISON: Now, will the $2,800,000, or $2,700,000, completely finance Phase II and Phase III?

MR. TAORMINA: Yes.

COMMISSIONER MORRISON: And in Phase III there will be a good deal of office construction there?

MR. TAORMINA: Approximately 80,000 square feet.

COMMISSIONER MORRISON: It would be at that time, I think, where the question might arise whether the Port should not be getting additional revenue.

MR. TAORMINA: It is my understanding that at that time we will be, pursuant to the lease terms of Mr. Osgood, going back to the Commission, one, to get written authorization to allow that to happen and, second, authorization to a new lease term, in addition to the $100,000 a year that they are now presently paying to the Port.

COMMISSIONER MORRISON: There will be no change in the 10-year term?

MR. TAORMINA: No, sir.

COMMISSIONER MORRISON: How do we monitor this project? Mr. Osgood will be the guarantee, as I understand, for the Foreign Trade Services?

MR. TAORMINA: No. The actual funds will come to the Port and filter down through the Port to the Foreign Trade Zone.

COMMISSIONER MORRISON: But you say the recipient of the UDAG funds is to be the Port?

MR. TAORMINA: That was one of the changes that was made in the final, that the actual recipient now will be the Port.

COMMISSIONER MORRISON: When we get the money, what

will we do with it?

MR. TAORMINA: We will then, basically, working with Mr. Osgood, implement this program through using these funds, completing the contract, and making the improvements.

COMMISSIONER MORRISON: We will have fiscal control?

MR. TAORMINA: We will have fiscal control.

COMMISSIONER GOLDMAN: I have a couple of questions.

This money, is this part of an annual grant from UDAG to different communities?

MR. TAORMINA: The UDAG program is a three-year program approved by Congress. It has committed $400,000,000 for the three years for each year. The applications are submitted on a quarterly basis, reviewed, and funding will be spread out in the United States.

COMMISSIONER GOLDMAN: I am talking about the local funding. Is so much of it allocated to San Francisco?

MR. TAORMINA: There is no actual local commitment of funds. The projects will have to be on their own merits.

COMMISSIONER GOLDMAN: So at the national end this is an acceptable one, so we either accept it or we refuse it. If we refuse it, then we wouldn't get it.

MR. TAORMINA: Right. In other words, there is $400,000,000 out there, and right now, throughout the United States, there is something like $700,000,000 worth of applications, so indeed HUD is going to have to pare them down quite a bit.

COMMISSIONER GOLDMAN: So it is a compliment to the project that this has been accepted by HUD, and what are the

conditions of the HUD approval?

MR. TAORMINA: This has been accepted by the City for forwarding to HUD. HUD has not received it as of yet.

COMMISSIONER GOLDMAN: All it needs is the approval of the Port Commission to support the City's approval to submit to HUD.

MR. TAORMINA: Well, the process would be your approval today will allow it then to go to the Board of Supervisors for approval, and then from the Board of Supervisors the Mayor will actually be the person who signs the application on behalf of the City and County.

COMMISSIONER GOLDMAN: What are the conditions of the loan?

MR. TAORMINA: It is not a loan. It will be a grant.

COMMISSIONER GOLDMAN: It is a straight grant? There is no obligation to pay it off?

MR. TAORMINA: There is no obligation to pay it back.

COMMISSIONER GOLDMAN: So it is a gift.

MR. TAORMINA: In other words, it would be a means for us to finance the improvements at Piers 19 and 23 that indeed we can recover from that basis.

COMMISSIONER GOLDMAN: I don't think we should waste any time, and I move approval.

(The motion was seconded and carried unanimously: Commissioners Bridges, Goldman, Morrison and Rudden - aye; Commissioner Rothenberg - absent.)

COMMISSIONER GOLDMAN: Under new business, Mr. Chairman, may I suggest that the staff investigate the plan that

the Chief Administrative Officer is considering for the collection of meter money, and that we accept whatever plan they do, which I understand may be utilizing the private sector, like Loomis or Brinks, to handle it, even though I have no questions to raise about anybody connected with the Port.

PRESIDENT RUDDEN: I was going to raise this merely to get an answer, for the purpose of having it reviewed. I hope we are reviewing it as far as we can.

MR. HERREN: Yes, we are.

MR. DAVID: We are.

COMMISSIONER GOLDMAN: My point, Jim, is, may I ask at the next meeting that the Director advise us of the availability of the same plan that is being used by the City for its major meter business, independently of it, but the same firm.

PRESIDENT RUDDEN: Include that in the motion.

COMMISSIONER BRIDGES: Providing there is no implication there that something is wrong down here.

COMMISSIONER GOLDMAN: It is only a control mechanism.

I would like to have this presented to us first, and then we can act upon it. It is just as an agenda item.

COMMISSIONER MORRISON: Mr. President, I have a brief matter.

The case of the "Santa Rosa", the ferry boat that was turned down by BCDC by one vote, as I recall. It is in the Port's interest, I think, to see that project go ahead at Pier 1, and I tried to think what this Commission might do to help get BCDC approval.

I feel that one of the reasons why the "Santa Rosa" lost out before BCDC was that we have not completed the total design plan for this area. Many people are very touchy on that subject. It occurred to me that we might pass a resolution, after a hearing, urging BCDC to approve. We might ask the Northeastern Waterfront Advisory Committee, I believe the name is, to come before us, so that we could discuss with them the possibility of their undertaking an immediate total design plan for Pier 1, so that we didn't have to wait for six months or so for all the design work to go ahead.

Somehow, we ought to try as best we can to reverse that decision and get the ferry boat berthed at Pier 1, it seems to me. I don't know exactly how best to pursue that.

COMMISSIONER GOLDMAN: Rather than discuss it today, may I suggest that this be made part of the next agenda?

COMMISSIONER BRIDGES: Second that.

COMMISSIONER MORRISON: May I hear Mr. Vickers' comments first?

MR. VICKERS: A couple of things. I am on that advisory group, and we are fast-tracking the area of the total design plan, so that will be completed before the total study. But that still is in October.

COMMISSIONER MORRISON: Mr. President, may I ask that this matter be put on our calendar for next time, and there could be then a public hearing on it.

MR. TAORMINA: I talked to Mr. Kuxmiller of the "Santa Rosa" when you showed your concern and asked him to appear. He has advised me that he is now in negotiations with

BCDC, and he would like to probably make his report on April 12.

(Whereupon the meeting adjourned.)

b) Remove meter HOW 807

4002 CALIFORNIA STREET - SECOND AVE. GROCERY

a) At 4002 California Street, install a 22' yellow zone, extending from east property line 22' west of same.

301 ROLPH - MIKE'S DELI

a) At 301 Rolph, install a 22' green zone, extending from 20' to 44' north of south property line.

98 BACON - BORELLOS CLEANERS

a) At 98 Bacon, install a 33' yellow zone, extending from 77' to 110' east of the west property line.

25 LAKE STREET - MONTESSORI CHILDRENS HOUSE

a) At 25 Lake Street, install a 22' white zone, extending from 22' east of west property line to 44' of same.

2437 BRYANT STREET - BRYANT SCHOOL

a) At 2437 Bryant Street, install a 75' white zone, extendin from 44' to 119' south of the north property line.

500 MC ALLISTER STREET - WAR MEMORIAL OF SAN FRANCISCO

a) At 500 McAllister Street, install a 22' blue zone, extending from east property line 22' west of same.

b) Remove first parking meter MAC 510.

2501 CLEMENT STREET - KITCHEN DESIGN STUDIO

a) At 2501 Clement Street, revoke existing 29' yellow zone, extending from 33' to 62' west of 26th Avenue (zone ends driveway.)

b) At 2501 Clement Street, replace with 29' green zone, extending from 33' to 62' west of 26th Avenue.

197 GRANT AVENUE - BROOKS BROTHERS CLOTHING

a) At 197 Grant Avenue, revoke existing 31' white zone, extending from 53' to 84' south of Post Street,

b) At 197 Grant Avenue, replace with 84" STLZ extending from north property line to 84' sotuh of north property line. (7 A.M. - 1 p.m.,) Replace with meters from 1P.M.

205

9145 0